

Soviet Hitch in Arms Pact Seen

Moscow's New Interpretation On Pershing-1A Startles U.S.

By Michael R. Gordon

New York Times Service

WASHINGTON — Soviet arms negotiators in Geneva have surprised the American side by appearing to back away from a key compromise on a proposed treaty to ban medium- and shorter-range nuclear missiles, according to U.S. officials.

The officials said Thursday that

the Soviet negotiators proposed

earlier this week that Moscow be

allowed to maintain some of its

shorter-range missiles until West

Germany eliminates 72 Pershing-

1A rockets. Bonn has said it will

eliminate the missiles, whose war-

heads are controlled by the United

States, by the time the U.S. and

Soviet ones are eliminated.

U.S. negotiators promptly rejected

the Soviet move, the officials

said.

Last month, Secretary of State

George P. Shultz and Foreign Min-

ister Eduard A. Shevardnadze

worked out a compromise on the

West German missiles and publicly

announced "agreement in prin-

ciple" to conclude a treaty.

U.S. officials said they did not

know whether the move in Geneva

was merely a bargaining tactic or a

result of a misunderstanding, and

they did not know whether it would

become a serious obstacle to an

agreement.

Until last month, the Soviet

Union was demanding that the

U.S. warheads for the West Ger-

man missiles be destroyed under

the proposed treaty. The United

States refused because it did not

want to establish a precedent for

including in arms agreements the

weapons of its allies.

Under the compromise, the

United States assured the Soviets,

outside the formal treaty, that the

U.S. warheads on Bonn's missiles

would be dismantled after Bonn

decided to eliminate them. As a

matter of principle, the United

States offered no formal assurances

on what would happen to the mis-

siles, but West Germany had said it

would eventually dismantle them.

In calling that compromise into

question, Soviet negotiators are

said to have insisted this week that

Moscow be allowed to maintain a

similar number of shorter-range

missiles until the Pershing-1As are

eliminated. The new Soviet po-

sition is said to have been presented

by Vladimir I. Medvedev, the chief

Soviet negotiator on medium-range

missiles.

The chief U.S. negotiator, May-

nard W. Giltman, rejected this de-

mand and proposed that the Soviet

negotiators consult Moscow on

what was agreed in Washington,

U.S. officials say. The officials said

Thursday that Mr. Giltman had

been instructed to rebuff firmly the

Soviet demand and added that they

expected Moscow to back down.

Mr. Shultz goes to Moscow Oct. 22

to try to conclude the treaty and

discuss the next steps in the arms

control process. Later this year,

Mikhail S. Gorbachev, the Soviet

leader, is expected to visit the United

States for a meeting to sign the

treaty.

U.S. officials said Thursday they

were not certain why the Soviet

negotiators had put forth a conten-

tious position on the Pershing-1As

this week, when both sides seemed

ready to move to a U.S.-Soviet

summit meeting.

Some officials said the Soviet

move might be a tactic designed to

wrest concessions from the United

States on verification and other is-

sues.

Another view is that the Soviet

officials may be seeking an iron-

clad assurance, in the treaty itself,

that the West German missiles will

be eliminated by the time the U.S.

and Soviet missiles are gone. But

West German officials said Thurs-

day that Bonn had informed the

Soviet Union that it planned to

dismantle its missiles by this time

and that it had stated so publicly.

A third view is that the Soviet

negotiators may have raised the

matter to maintain public pressure

on Bonn. "They just want to ping

the Germans once more," one offi-

cial speculated. Yet another pos-

sibility, which U.S. officials gener-

ally dismiss, is that the Soviet

negotiators are simply testing the

U.S. position.

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A Tibetan Buddhist along a prayer route in the center of Lhasa, the Tibetan capital.

Chinese Crackdown Ends Tibet Protests

By Daniel Southerland

Washington Post Service

LHASA, Tibet — The Chinese

police, their grip on the Tibetan

capital apparently secure, lifted a

roadblock Friday in front of one of

the Buddhist monasteries that led

an anti-Chinese demonstration here.

They also released more than 90

monks who had been arrested for

taking part in demonstrations.

The roadblocks had been in

place since Oct. 1, when anti-Chi-

nese violence erupted in the second

of three recent protests, leaving at

least seven Tibetans confirmed

dead, most from police gunfire. As

many as 14 persons are reported to

have been killed and a police sta-

tion was burned down.

The police continued to display

force throughout the city, appar-

ently hoping to intimidate would-

be demonstrators. Vans with loud-

speakers warned the city's 60,000

residents that no further protests

would be tolerated. The police have

taken up residence in Lhasa's three

major monasteries.

[Chinese authorities in Lhasa or-

dered Friday that all individual for-

eign travelers in Tibet leave within

a week, warning that anti-Chinese

protests could flare up again. Unit-

ed Press International reported from

Lhasa.

[Managers at the Lhasa Hotel, a

major tourist stop, said the govern-

ment told them that foreign travel-

ers not in tour groups should leave

Tibet by Oct. 16 and asked the

hotel to compile a list of any that

were still registered on that day.

[A Western diplomat visiting

Lhasa said he was told by an offi-

cial of Tibet's Foreign Affairs of-

fice that the request was merely a

suggestion. But Chinese domestic

airlines have halted sales of indi-

vidual seats to Lhasa.]

The Chinese authorities Thurs-

day ordered foreign journalists to

leave Tibet within 48 hours. Offi-

cial at the local Foreign Affairs

bureau, which handles visits by for-

eign journalists, told reporters they

were violating Chinese law by re-

porting on disturbances in Lhasa.

The officials cited a regulation

that requires journalists to apply 10

days in advance for permission to

work outside Beijing, where they

are based. The journalists involved

said that they did not know of the

regulation or that it had never been

enforced before. Most of them left

Friday rather than face almost cer-

tain expulsion from China.

Most of the journalists arrived in

Lhasa after the first two protests,

on Sept. 27 and Oct. 1, and some

witnessed a third protest Tuesday.

The police crackdown, which be-

gan after the Oct. 1 rioting, has

clearly frightened many inhabi-

itants, reducing chances of further

anti-Chinese protests.

Three trucks carrying about 25

armed Chinese policemen moved

into a building Thursday opposite

the Jokhang temple in central Lhasa.

The temple, the most cherished

Buddhist temple in Tibet, was the

site of the first two protests.

■ 2 Monks Reported Dead

Buddhist monks have said that

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On the Gulf, a Dove Shows Claws

By Bernard E. Trainor

New York Times Service

WASHINGTON — Some have regarded

him as Cap the Dove. But when it comes to U.S.

policy in the Gulf, people here who might be

called Weinberger watchers ask why he is ac-

ting like Cap the Hawk.

For almost seven years, Secretary of Defense

Caspar W. Weinberger has been the Reagan

administration's voice of prudence and caution

on the use of military force abroad. He privately

opposed sending a marine contingent into

Lebanon in 1982 and pressed for the marines'

removal once they were there.

A year after the marines were pulled out of

Beirut after a terrorist bombing of their head-

quarters, he outlined a set of criteria the United

States would apply before involving U.S. forces

in military operations abroad.

But when the United States agreed last

spring to protect Kuwait oil tankers in the Gulf

and let them fly the U.S. flag, Mr. Weinberger

appeared suddenly to have reversed himself. He

became a vocal advocate of strong military

action to protect those ships.

Pentagon officials ascribe the secretary's new

hard line to a combination of factors, the most

important of which is his distrust of the Soviet

Union. The report in February that the Ku-

waitis were going to put half their tanker fleet

under Soviet flags was the fuse that exploded

Cap Weinberger, an official said. "He was jet-

propelled after that."

The official said Mr. Weinberger believed

that if the United States did not help Kuwait

and left it to the Soviet Union, the American

people would later blame the administration of

President Ronald Reagan for "losing the Gulf"

to the Soviet Union.

Iran's intransigence in its war with Iraq and

the Iran-contra scandal in Washington also

influenced Mr. Weinberger's views on the Gulf,

according to Pentagon officials.

"Cap was convinced the Iranians would not

come to the peace table with Iraq and were out

to topple the Arab regimes on the western side

of the Gulf through terrorism and agitation,"

said an official.

Another official said Mr. Weinberger consid-

ered U.S. stock with the Arab states in the Gulf

region to be at a low ebb because of the Iran-

contra disclosures.

This source also said Mr. Weinberger was an

"Arabist at heart," an inclination he developed

while working for Bechtel, a construction group

with extensive Middle East contracts, and that

he saw Kuwait's plight as an opportunity to

restore good relations with the Arabs while at

the same time frustrating the ambitions of the

Iranians and Soviets.

"It also had the advantage of being unrelated

to any Arab-Israeli issue," the source said.

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Caspar Weinberger speaking Friday.

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Report of New Tax Hits German Stocks, Bonds

Reporters

BONN — The Deutsche mark

weakened and prices of West Ger-

man stocks and bonds fell sharply

Friday after the government re-

portedly agreed to introduce a 10

percent withholding tax on invest-

ment earnings.

The levy, which would be used to

finance tax changes, would be im-

posed at the source on all invest-

ments except life insurance, ac-

cording to sources in Chancellor

Helmuth Kohl's governing coalition.

Life insurance would be taxed at a

lower rate.

In Frankfurt, some stock dealers

said they feared that the tax would

induce foreigners to sell their entire

India, U.S. Agree on Purchase Of Computer

By Steven R. Weisman
New York Times Service

NEW DELHI — India has reached an agreement in principle with the United States to buy a highly sophisticated American-made supercomputer after New Delhi backed away from its demand for a more powerful machine.

U.S. and Indian officials said Thursday that India had agreed to accept Washington's safeguards and curbs on the supercomputer's use.

"We have agreed in principle to a commercial sale," an Indian official said. "Now the terms of the sale need to be worked out. But we have decided that this computer fits the bill."

The agreement marks the most significant step in the growing cooperation between the two nations on the transfer of U.S. high technology since they began talks in 1985. India has said it wants the computer for research into weather patterns, particularly the development of the annual monsoon rains.

In a related development, U.S. and Indian officials said the nations were close to an agreement by which the United States would transfer avionics and air navigation technology to India to assist New Delhi in building its own jet fighter. Such a transfer would mark a major advance in military cooperation with India, which increasingly has been turning to the West for military hardware and technology in recent years. Previously, most of India's overseas weapons purchases came from the Soviet Union.

The supercomputer to be purchased, for about \$20 million, is known as a single-processor XMP-14 computer made by Cray Research Inc. of Minneapolis. A final stumbling block in the negotiations was resolved when India agreed to buy the XMP-14, dropping its insistence on the more advanced double-processor XMP-24 computer, which Washington had refused to approve.

Prime Minister Rajiv Gandhi is expected to formalize the deal during his visit to the United States next month.

The chief U.S. concern that has delayed the sale has been the Pentagon's concern that the deal could jeopardize U.S. national security. Some Defense Department officials feared India might use the computer to develop nuclear weapons. In 1974, India exploded what it called a "peaceful nuclear device," and many experts have speculated that India might be stockpiling weapons-grade nuclear fuel.

But a more widespread concern was that India might allow the computer to get into the hands of people friendly to the Soviet Union, who could use it to decode U.S. military communications.

Heart Transplant Record Set

AGENCE FRANCE-PRESS
LONDON — A British heart surgeon, Magdi Yacoub, carried out his 500th heart transplant operation Thursday, setting a world record for such operations.



Two died Friday in a blast at a union office in Colombo.

Indians and Tamils Fight First Battles As Troops Raid Camps, Arrest Rebels

Compiled by Our Staff From Dispatches

NEW DELHI — Indian peacekeeping troops fought gunbattles Friday for the first time with Tamil militants in Sri Lanka, raiding their camps to seize arms and arresting 98 militants, the Indian government said.

The troops swept through the island's north and east to reimpose a cease-fire in Sri Lanka's ethnic warfare after the killing this week of 188 people by members of the main Tamil rebel group, the Liberation Tigers of Tamil Eelam, a spokesman said in New Delhi.

"In the course of the operations, the Indian peace-keeping force was fired on and returned the fire," he said.

The troops were reported Thursday to have arrested an additional 50 Tamil rebels, but Friday's sweep was the first time fighting between the rebels and Indians was reported.

Meanwhile, two persons were killed and six injured Friday when a bomb exploded at the office of a government-backed labor union in Colombo, the Sri Lankan capital.

Responsibility for the bombing was claimed by a Sinhalese group, the People's Patriotic Movement, which previously claimed responsibility for killing two persons in a gun and grenade attack at Parliament on Aug. 18. Since then, 30 members of the country's governing United National Party have been shot to death.

(Reuters, AP)

Chad and Libya Calmly Rearm

In Ndjamena, Army Shopping List Has TOWs, Stingers

By James Brooke
New York Times Service

NDJAMENA, Chad — As Chad and Libya complete the first month of a precarious cease-fire along their border, both countries are quietly rearming and waiting.

Almost daily, this remote desert capital reverberates with the landings of huge American C-5A Galaxy transport planes laden with new arms for the Chadian army.

A 20-member U.S. military team has arrived to train Chadians in the use of American TOW anti-tank weapons. And, within a month, Chadians expect to receive Stinger missiles, the advanced, shoulder-held anti-aircraft missiles that Afghan guerrillas have used to shoot down Soviet aircraft.

"The Stingers are coming," one diplomat said Wednesday with a triumphant gleam in his eyes.

The battle commanders who led Chad's army in an almost unbroken nine-month string of victories are back in town, resting, plotting strategy and reorganizing supply lines.

In one office, shuttered against the bright sun of central Africa, one commander, Mahamat Nouri, sipped from small glasses of sweet tea on Wednesday and discussed the future.

"Trying to reason with Gadhafi is like trying to bite heaven with your teeth," he said, referring to Libya's leader, Colonel Muammar Gadhafi.

"Gadhafi is not a man to make peace. The lessons he received were not enough. He needs one more defeat."

On Sept. 11, after losing one-tenth of his army, about \$1 billion worth of equipment and control of most of northern Chad, Colonel Gadhafi agreed to a cease-fire negotiated by the Organization of African Unity.

The following week, declaring that he had "destroyed" the Chadian Army, he announced that the war "is over." Libya "stands inside its international territories, closing forever its frontiers with Chad, leaving Chad for the Chadians."

As the truce took effect, Libyan

forces controlled Aozou, the administrative center of the 100-mile-wide (160-kilometer-wide) Aozou Strip, which is claimed by both countries.

Since then, there has not been any fighting, but Libyan surveillance planes have repeatedly flown over Chad.

At their border bases, the Libyans have more than replaced the men and arms lost in recent battles, analysts in Ndjamena say. About 2,000 Libyan troops are stationed

at Aozou, which was held by Commander Nouri's men for 20 days in August before they fell back under Libyan bombing and tank assaults.

Libyan transports are also at work, shuttling men and arms into Matan as Sarah. Located 60 miles inside Libya's internationally recognized frontier, this base was attacked and heavily damaged by a Chadian raiding party last month.

This deep thrust into Libyan territory drew criticism from several countries that previously had backed Chad. Today, with an eye to world public opinion, Chad's president, Hissene Habré, is not expected to break the truce.

Under the conditions of the cease-fire, both countries have until Oct. 30 to submit documentation for their claims to the Aozou Strip. Chad has submitted its documentation. Libya, which is widely believed to have a poor case, is not expected to comply with the deadline.

Indeed, one week after Colonel Gadhafi announced that the war

was over, Walid Jumblatt, leader of the Druze in Lebanon, dispatched 800 militiamen to fight with Libyan forces against Chad. Mr. Jumblatt's forces are thought to receive financial and other assistance from Libya.

Colonel Gadhafi, whose army lost about 7,000 men, killed or captured, in Chad this year, appears to be turning increasingly to the use of foreigners.

Last month, a Chadian dissident living in Algeria, Colonel Mohamed Youssef Moussa, asserted that the Libyan army had drafted 5,000 to 6,000 Chadian workers living in Libya.

In Ndjamena, the Libyan buildup has not shaken the Chadians' jaunty self-confidence.

"Who said that Walid Jumblatt has a magic ring to produce victories?" sneered a front-page article in the current issue of *Al Watan*, Chad's government weekly.

But many Chadians recognize that they still face a strong opponent in Libya's army. For years, Libya was one of the Soviet Union's biggest arms customers.

Attacking in jeeps mounted with anti-tank missiles, the Chadians said they knocked out hundreds of Libyan tanks this year. Still, the Libyan army is estimated to have thousands.

The Chadians, who made considerable use of U.S.-supplied Redeye missiles, also destroyed about 100 Libyan aircraft. But hundreds of combat planes remain in the Libyan Air Force.

So far this year, the United States has delivered \$33 million in aid. France, the former colonial power in Chad, has given about \$70 million in addition to maintaining its military mission of 1,200 soldiers, who are confined largely to working on air defense, logistical support and the clearing of mines.

Mr. Brooke was expelled Thursday from Chad. A Chadian police official, who declined to identify himself, said Mr. Brooke's visa was in order but that "journalists are not authorized to be in Chad at the present moment."

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WORLD BRIEFS

Aquino Names Foreign Secretary

MANILA (AP) — President Corason C. Aquino on Friday nominated Senator Raul Manglapus, a veteran legislator and critic of the U.S. military role in the Philippines, as foreign secretary to replace Vice President Salvador H. Laurel, who resigned as foreign secretary last month because of differences with Mrs. Aquino.

The U.S. ambassador, Nicholas Platt, reaffirmed support for the Aquino government and dismissed press reports that a renegade army officer, Lieutenant Colonel Reynaldo Cabatuan, defected to Mrs. Aquino at Clark Air Base, a U.S. base north of Manila.

Jovito Salonga, president of the Senate, said the government might have to invoke emergency powers if rightists kept trying to overthrow Mrs. Aquino. Mr. Salonga said that while the government did not yet believe the security situation was serious enough to require emergency powers, such measures might be needed "if there are more threats to the administration."

At least two large sonar contacts were reported in the middle of the loch's 754-foot (230-meter) waters, one at a depth of 244 feet, and several others at the bottom, including a "very large lump."

Excited by the object recorded at 244 feet, Tony Harnsworth, director of the Loch Ness Center, said: "If we have a monster, it would register exactly like this." The sonar contact, he said, "must have been strong to register as it did."

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Clare Boothe Luce, Playwright, Legislator, Diplomat, Dies

By Albin Krebs
New York Times Service

NEW YORK — Clare Boothe Luce, 84, who had a varied career as a magazine editor, playwright, congresswoman and diplomat, died Friday of cancer.

She was also known as the sharp-tongued wife of Henry R. Luce, publisher of Time and Fortune magazines, who died in 1967.

She had won fame on her own in the 1930s as a magazine writer and editor, author of "The Women" and other hit plays, a controversial Republican congresswoman and under Eisenhower, as ambassador to Italy in the 1950s.

She had enough careers to satisfy the ambitions of several women, but none tied her down for long. She was often on lists of the world's 10 most admired women, but her glamorous existence and tart tongue drew criticism—sometimes paraisan, sometimes envious.

Clare Boothe was born in New York City, the daughter of William Franklin Boothe, a violinist and

somehow businessman, and the former Anna Clara Snyder, who had been a chorus girl.

Her parents separated when Clare was 8. She was brought up in genteel poverty by her mother, who still managed to take her to France for a year and send her to exclusive schools in New York.

She married George Tuttle Browne, a millionaire, in a wedding called "the most important social event of the season" of 1923. But, after six years of marriage, she won a divorce on the ground of mental cruelty and was awarded \$425,000.

She asked a society friend, Conde Nast, publisher of Vogue and Vanity Fair, for a job and did a stint writing photo captions for Frank Crowninshield, hired her after demanding that she draw up a list of 100 ideas. She rose quickly to assistant editor and wrote satirical pieces about society that were later collected in a book, "Stuffed Shirts."

Her first produced play, "Abide With Me," in 1935, was unanimously deemed a disaster. Several critics commented on how quickly she responded to almost indiscreet cries of "author." She never went to another opening night.

Two days after the opening, the author became Luce's wife. The two had struck sparks on their first meeting, when they were seated together at a dinner party and Luce ignored her.

But after their next meeting, he said, "You are the great love of my life, and some day I'm going to marry you." The marriage lasted, although there were rumored difficulties—perhaps inevitable for two such strong personalities.

Mrs. Luce returned to writing plays and with "The Women," in 1936 recovered admirably from her maiden flop. It earned her \$2 million.

In 1938, Mrs. Luce was represented by "Kiss the Boys Goodbye," a satire on the hoopla surrounding the search for the feminine lead in "Gone With the

Wind." It was a success, as was her next play, "Margin for Error," which purveyed a modish anti-Naziism.

With World War II, Mrs. Luce sought to involve herself on a larger stage. In February 1940, she sailed for Europe at war as a correspondent for Life. One result was a book, "Europe in the Spring." Dorothy Parker called it "All Clare on the Western Front."

In 1943 Mrs. Luce decided to run for the House of Representatives from Fairfield County, Connecticut.

She was by now a Republican and made speeches critical of Roosevelt's handling of the war effort. She defeated a Democratic incumbent by 7,000 votes. She won re-election in 1944.

Mrs. Luce did not seek re-election in 1946, but she remained politically active in addition to writing a column for McCall's and in 1952 she campaigned for Eisenhower.

He offered her the post of secretary of labor, but she demurred. He then named her ambassador to Italy, stirring controversy because Mrs. Luce was a prominent convert to Catholicism, lacked diplomatic experience and was a woman.

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Herald Tribune

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Peace Plan or Spitballs?

How does President Reagan react to the promising peace plan advanced by the five Central American governments, which calls for a regional cease-fire by Nov. 7? Mainly by stubborn anger; he's still rather set on the contras.

There was some faint praise for the peace plan in his speech Wednesday to the Organization of American States. But for the most part, he again demands that Congress approve \$270 million in military aid for the U.S.-backed contras in Nicaragua. It's hard to imagine a message more destructive to all interests, including that of the contras.

Mr. Reagan insists on aid that House Speaker Jim Wright and others believe would violate the peace plan. The president objects to the plan—because it lacks security provisions—because these conditions he could have obtained long ago in direct negotiations, had he tried. This puts Congress in the awkward position of trying to promote through legislation what the administration won't seek through diplomacy.

Mr. Reagan argues that, without the contras, the Sandinistas would never have agreed to steps to democracy already taken by Nicaragua. This is disputed, among other things, by President Oscar Arias of Costa Rica. Mr. Arias argues that the Sandinistas have hidden behind the contras to justify their undeniably autocratic behavior on the grounds they are victims of aggression. Is he right? That's not clear.

What's unmistakably clear is that if Mr. Reagan must choose between the peace plan and the contras, he quickly picks the contras. Negotiation might better achieve America's goals in Central America, but even at this late date the presi-

dent won't budge. The result is to place a special, difficult burden on Congress.

The Sandinistas have a dreadful track record, and there's every reason to fear they will betray their word, revert to repression and stifle debate once the pressure is off. The question is, does pressure from the contra army work? Could not the peace plan be made to work more surely?

When it comes to opposing Mr. Reagan on Nicaragua, many Democrats have also been reflexive nay-sayers, glossing over the Sandinistas' offenses. Applauding the peace pact is the easy part. Mr. Reagan's stubborn stance makes it all the more vital for Congress to try writing incentives and penalties into law that can promote democracy and punish recidivism.

The issue, whatever happens, is not the U.S. debt to the contras. As many as 15,000 Nicaraguans took up arms thinking Mr. Reagan would never abandon them. However flawed the policy that inspired them, the obligation is real. Congress ought to use the promise of aid to promote reintegrating the contras into Nicaraguan life and vote resettlement funds for any who wish to go elsewhere.

The genuine issue is which course is most likely to end the stalemate, halt the fighting and promote democracy in Central America. In the United Nations, at the very moment Mr. Reagan was speaking in Washington, the peace plan was endorsed by acclamation. Thursday the U.S. delegation rudely stomped out of the General Assembly as President Daniel Ortega of Nicaragua was speaking. To all the world, it looks as if Washington has run out of arguments and is reduced to throwing spitballs.

—THE NEW YORK TIMES

Raising Points of Interest

Interest rates are rising again in the United States, but this time it's not the Federal Reserve Board's fault. The uncomfortable truth is that no one in the government has instigated this rise, or can stop it.

The latest is the half-point rise in the banks' prime lending rate. It's gone up because foreign investment has become a little harder to attract, and the whole American financial system is now crucially dependent on foreign money. There is a direct link between interest rates and currency-exchange rates, a trade-off. It is impossible to stabilize both at the same time. Each is the instrument for adjusting the other.

If the United States tried to hold its interest rates stable, the dollar would fall. Since it is trying to hold the dollar level against the mark and the yen, the interest rates have to move. Last spring Japan and West Germany were intervening in the foreign-exchange markets to keep their currencies from rising further and destroying their export trade. They bought dollars and sold their currencies in enormous volumes. Pumping out yen and marks on that scale is inflationary, and to offset that inflationary pressure, they have

been raising their interest rates. A slight lift in German rates this week seems to have been the final nudge toward the rise in the prime rate in the United States a day later.

The dollar's exchange rate will stay steady only as long as the stream of foreign money into this country balances the big U.S. trade deficit. To keep attracting that foreign money, U.S. interest rates have to be higher than those abroad. That's the penalty for running those deficits.

Americans are now unhappily re-learning these international connections. They often speak as though this kind of economics were all new. It's not. It was very familiar to Americans in the 19th century, when this country's was a developing economy dependent on European investment. Then, becoming dominant in the world, the United States could afford the luxury of forgetting how the adjustment process works. It was left to other countries to adjust to the United States.

But that happy period ended in the 1970s. The trade deficit is declining only very slowly, and it looks as though there are further interest-rate increases ahead.

—THE WASHINGTON POST

Haitians Deserve a Vote

Next month, Haiti is supposed to hold its first free presidential election in three decades. This election is the justification for the Reagan administration's continued support of an authoritarian junta. But the danger grows that there will be no democratic choice.

Haiti, hitherto despised by the Duvaliers and their cronies, needs U.S. economic aid to survive. And the administration is required by law to certify acceptable human rights performance before the aid can be released. That gives Washington considerable leverage to insist on a fair election.

In August, despite a rising death toll in Haiti from army and police violence, the United States gave certification for a symbolic amount of military aid, reaffirming its backing of General Henri Namphy's interim junta. This support is reasonably justified as representing the fastest path to free elections. But the junta, in office for more

than 19 months, has proved unwilling to seriously prosecute the Duvalier crowd and has tolerated violence that could discourage the emergence of independent candidates.

Some argue that Haiti is too poor to care about political democracy, or that its problems are too tough to solve by democratic means. The first argument was answered by the Haitian people who braved the violence of Duvalier thugs and junta troops to fight for and then defend their democratic rights. And if the second argument were valid, Americans could have no principled objection to the methods of the Sandinistas or others who would subordinate political rights to revolutionary programs of reform.

The Haitian people, having fought bravely for an honest election, deserve one. They should be able to count on Washington to help make it happen.

—THE NEW YORK TIMES

Ape Trek, Parts II and III

It's not just that it would make a great movie, we think it already is somewhere, we definitely recall seeing the film about the animals that steal the space ship. It begins exactly as the Russian space ship, a satellite full of monkeys, rats, fish and bugs—all wired, labeled and monitored within an inch of their lives. The first alarm comes when one frantically monkey, aptly named Troublemaker, appears on the screen minus part of his headgear. Good Lord, Dmitri, what are those weird sounds coming over the monitors? Troublemaker is pushing the buttons! Is he taking over the navigation? We will soon hear him announce to Earth, "I am in control here."

We don't know what will come next in real life, but in cinematic life there are only two main story lines to choose from: "Ape Trek" and "Heavy Soda Drama." Animal Rights Agit Prop Division: Troublemaker frees all the other fauna. They divide up the labor of running the craft, show us inferior humans what the peaceable kingdom really looks like. Troublemaker flies to one of the few unspoiled places left on Earth—a rain forest where they are greeted by a group of socially responsible snakes and anteaters

who take them off to find new homes. Meanwhile, back in Russia a female astronaut and an American space scientist overcome their rigid political differences, fall in love and prove that... well, something.

Red October, Animal Crackers Division: In this one, Troublemaker knows he didn't get his name for nothing back in the lab; they are on to him and plan to do him in, if not in this experiment then in another. This is a breakout from Communism, and there must be a chase. He must also, somehow, notify the CIA and the National Zoo of what he's doing, subdue and shoot the KGB plant on the mission (one of the rats, unless an actual mole is aboard) and, with the summoned American help, be directed to a safe splashdown in New York Harbor by David Lloyd, who is willing, as he has before in the films at such moments of suspense, "One serf, serf." There will be a patriotic ticket-take parade up Fifth Avenue, then the whole group will move to the suburbs.

By the time you read this there may have been another, real-life result, perhaps even an unhappy one. We hope not. We think the whole cast has a terrific future in movies.

—THE WASHINGTON POST

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In Latin America, the Soviets Are Capitalists

By Jonathan Power

LONDON—Foreign Minister Eduard Shevardnadze has completed his tour of Latin America, the first by a senior official of the Soviet Union in more than a decade, and the implications of this visit are still being digested. Mr. Shevardnadze did not stop in Nicaragua. He talked economics more than politics, and barely created a wave.

Moscow does not recognize the latter-day Monroe Doctrine of President Ronald Reagan, any more than it did the original version that the czar received a copy of. But, in practice, unlike during the heady days of the Cuban revolution and its aftermath, Moscow gives it due attention. Ever since the election in 1970 of Salvador Allende, the Marxist president of Chile, Moscow has been playing it cool in Latin America. And, since the Nicaraguan revolution, it has become even cooler, reaching the point a couple of months ago of briefly suspending oil supplies to Nicaragua to express its disapproval of the Sandinistas' hard line.

Some observers find this argument disingenuous. After all, Moscow's close ally, Fidel Castro, has trained and aided anti-government guerrillas in Venezuela, Colombia and El Salvador, and has been the prime supporter of the Sandinistas. Nevertheless, the overwhelming body of evidence shows that Moscow itself has tread very cautiously.

Whatever ambiguities existed in the past, both Yuri Andropov and his successor, Mikhail Gorbachev, have made it clear to Mr. Castro that military support should not go to guerrilla groups fighting governments that have been lawfully elected and that, in the case of Nicaragua, the amount of military aid should be carefully calibrated so that it does not make the United States feel vulnerable. There never has been, in Moscow's thinking, any chance of supplying Nicaragua with sophisticated MIG fighter planes, much

less missiles, and Moscow has become increasingly concerned about the heavy handed tactics of the Sandinistas. Mr. Shevardnadze could not emphasize enough to his Latin American hosts how much he supported the Central American peace plan.

Moscow's interest in Latin America has long been essentially economic, and today is even more so. Mr. Shevardnadze was angling for a fishing agreement in Uruguay and for closer links with Brazil's booming computer industry. Nicaragua, on the other hand, has little to offer Moscow. Its sugar, coffee and cotton all duplicate Cuba's exports and therefore any intimate relationship would be even more expensive than the already costly ties with Cuba.

As far back as 1970, Moscow could be seen to be making these kind of calculations. While the anti-communist regime of Juan Peron in Argentina was wooed with credits, the newly elected leftist regime of Mr. Allende in neighboring Chile was relatively shunned. The Soviet Union is self-sufficient in Chile's main export, copper, while it has long eyed Argentina's grain surplus. So Mr. Allende, who sought large-scale credits from Moscow, was rebuffed while Mr. Peron was given 14 long-term trade and economic agreements.

The relationship continued to flourish after the fall of the Peronist regime, through the dark ages of succeeding military governments. Moscow shielded Argentina from Western attacks in the United Nations on its human rights performance, and repaid its reward when President Jimmy Carter embargoed its wheat exports to the Soviet Union following the invasion of Afghanistan. Argentina worked hard to fill the grain gap and, ironically, one of the

points Mr. Shevardnadze had to deal with on this trip was why Moscow was switched to buying U.S. grain again. The simple answer is that U.S. grain is subsidized and, therefore, cheaper.

There is a limit to Moscow's purse and this is why Latin America has continued to remain at the bottom of the Soviet Union's list of Third World priorities. Africa is closer and more clearly important. Africa is cheap and it was thought, probably wrongly, more easily manipulated. But Latin America is far away, highly sensitive to the interests of the United States and too economically developed for low cost solutions.

If there is a wide open question in Latin America it is of what Mr. Gorbachev is going to do with Mr. Castro. The aging prima donna of Cuba is now 60, very set in his ways and visibly at odds with Mr. Gorbachev's economic reforms. Recently, Moscow raised the price of the subsidized oil it sells to Cuba, a shot across Cuba's bows. The pressure continues and Carlos Rafael Rodriguez, a vice president who is Mr. Castro's economic right hand, has been compelled to admit, after a series of long meetings with Soviet officials, to "flaws which we are willing to overcome." Mr. Castro is going to feel more of this economic squeeze in the next few years as Moscow becomes increasingly persistent in asking questions about Havana's capacity for relative self-sufficiency.

At one time, Mr. Castro was the kind of flag Moscow wanted to wave in Latin America. But not anymore. Sure, the Soviet Union wants friends, but above all it wants assets: economic partners who reciprocate its interests and who avoid expense-making trouble. Fidel Castro and Daniel Ortega are Moscow's yesterday's heroes.

International Herald Tribune.

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Bork's Loss: The Judge Was Judged

By A.M. Rosenthal

NEW YORK—One of the severest pleasures of writing columns is that you get thoughtful letters from all over. From time to time, even friends who live a few blocks away are moved to send one.

Just the other day, for instance, I received a letter from my fellow Manhattanite and occasional lunch companion, Professor Irving Kristol, famous for his books and teachings on conservative ideology. The letter was in response to a column I had written in September, suggesting that Robert Bork was not really a judicial radical, but a judicial realist.

Professor Kristol wrote, in full text: "I know how much you appreciate constructive criticism, so I am quick to tell you that your column this morning on Bob Bork was mindless and asinine."

I will cherish this letter, as it epitomizes the level of intellectual discourse that so many of the supporters of the Bork nomination have managed to attain in reply to his critics. But Professor Kristol is a distinguished man, and his letter does reflect the anger burning in Bork supporters. There is a particular wrath for those conservative senators who felt their duty was in voting against Judge Bork precisely because they did not consider him conservative.

Perhaps in time these supporters will face the reality that it was not the expected liberal opposition that led to the downfall of the nomination. It was the unexpected fact that he simply did not sit well in the stomachs of a number of senators of both parties who wanted to vote for a real conservative for the court. For some of the senators, what was involved was the meaning of American conservatism.

It is impossible to work out a definition of American conservatism that would satisfy all who would consider themselves conservatives—for instance, both Professor Kristol and Renata Adler, a major conservative-minded writer in this country, who has written that Judge Bork would be a disaster for the court and the nation. But it is possible to list a few of the characteristics that American conservatives are supposed to cherish.

Primary among them is a fierce and cranky dedication to the liberties and rights of the individual guaranteed by the Constitution. American conservatism also implies a determination to keep the government at arm's length whenever possible and an aversion to allowing government to invade our privacy. And it means opposition to moving too far too fast—not only toward the future, but back to the past.

Too many conservative-minded senators became convinced that Judge Bork simply did not cherish those values. In the judiciary committee hearings, by listening carefully, you could hear an undertone of deep unease with the man and what he really was. The Griswold case, in which the Supreme Court found unconstitutional a Connecticut law that made use as well as sale of contraceptives illegal, was for some the touchstone. Judge Bork found nothing wrong with a state regulating marital sexual relations. He could find nothing in the Constitution that guaranteed privacy. Maybe he did not look hard enough. Former Chief Justice Warren Burger, a conservative, wrote that the privacy right is inherent in the Constitution.

For other conservatives, inside and outside the Senate, the questions centered on Judge Bork's rather condescending attitude toward the Bill of Rights. And the ease with which he switched from position to contradictory position during his career, they wanted a portrait of a mature man in motion. Senator Arlen Specter, the Republican from Pennsylvania, kept probing, not for weaknesses but for assurance. In the end, he could not find them and so won the wrath of some members of his party but the respect of the nation.

Conservative Dennis DeConcini, the conservative Arizona Democrat, also hunted for acceptability in Judge Bork but had to conclude he was "outside the mainstream of conservatism." Senator Howell Heflin, Democrat of Alabama, would dearly have loved to vote for a conservative. But at the very end, the senator, himself a former jurist, wondered aloud if Judge Bork was really a conservative who would guard the rights of the people or an extremist calling for reversal of human liberties. He had once voted against Judge Bork in the Senate. It was not the lobby that defeated the judge; it was the judge.

The New York Times.

100, 75 AND 50 YEARS AGO

1887: The Pennant Race

NEW YORK—The baseball agony is over, and the championship in the League games goes to Detroit, while the American League championship is captured by St. Louis. The triumphal tour of the two champions will begin immediately. They will travel under the direction of manager Van de Ach, of St. Louis, and the manager of Detroit, throughout the country playing for the National pennant. A special train of Pullman dining and sleeping cars will carry the players, and places have already been taken on this train de luxe by over two hundred enthusiasts of the game. From 10,000 to 30,000 spectators will witness each day's play.

1912: War May Widen

PARIS—[The Herald says:] Montenegro and Turkey are at grips, and the frontier comes from every quarter. It is apparent, however, that the

fighting so far has not been of a serious character. The war started by the mountaineers, however, will become what General Sherman once called war, when the forces of Bulgaria, Serbia and Greece take the field. BELGRADE—The Serbian government is preparing to send an ultimatum to Turkey. Deeds, not words, are what Serbia asks now. I was told by one authority that nothing but the actual putting into execution of the reforms demanded can avert war. Self-government for all the Christian provinces will be exacted.

1937: Music to the Ear

LONDON—After two years of search, British telephone company authorities announced [on Oct. 9] that they had evolved the "perfect" telephone bell. A jury of musicians was engaged to choose the bell, which is described as having a pleasing, silvery tone of medium pitch. It is said to be heard well, but which will never make a nervous subscriber jump.

Baker Plan: Only Bush Will Profit

By Rudiger Dornbusch

CAMBRIDGE, Massachusetts—The International Monetary Fund's annual meeting would not be the same without an unusual proposal from the U.S. Treasury Secretary, James Baker. Two years ago, in Scotland, he proposed the Baker Plan, a growth-and-pay strategy for debtor countries designed to make muddling through look good. The plan managed to give the debt crisis a new life—another two years of don't grow and pay.

This time, Mr. Baker shifted attention to his initiatives in the area of exchange rates and cooperation among industrialized countries. He claimed success for stabilizing the value of the dollar and made an altogether stunning announcement: "The United States is prepared to consider utilizing, as an additional indicator in the coordination process, the relationship among our currency and a basket of commodities, including gold."

Gold! Success! A surgery in the 1970s laid out the U.S. currency loose from gold, thus ending a long period of dollar overvaluation that was stifling growth. Gold as the anchor of a monetary system is passé, as are commodity baskets. Dismissed academic support for gold is in a minority of one, and even that great scholar, Robert Mundell, a Columbia University economist, once wrote: "Dollars are money, gold is not."

Nevertheless, Mr. Baker's play for a gold standard should be treated seriously, for it foreshadows a serious issue in the coming presidential campaign: The dollar continues to be vastly overvalued and will decline.

The combination of a depreciating dollar and high employment almost inevitably will mean higher inflation and higher long-term interest rates. The budget deficit will remain very large and the trade deficit will barely shrink from its \$150 billion level.

As all this becomes increasingly apparent, the positive aspects of the Reagan revolution will fade into the background and the spotlight will focus on unsustainable overvaluation, deficits and rising inflation. And the time for maneuvering will be short. Concerned about cementing his reputation as a crack inflation fighter, the new Federal Reserve chairman, Alan Greenspan, is sure to raise interest rates at the slightest sign of rising prices.

What does all this mean for the campaign? If you are James Baker, your concern is with the political force of your long-time friend and ally, Vice President George Bush. It is not the Democrats that worry Mr. Baker. They cannot afford to repeat Walter Mondale's mistake and attack the



Illustration by [unintelligible]

Reagan economic record. No, the real threat lies within Republican ranks, with candidates like Representative Jack Kemp or Pat Robertson. Mr. Kemp long has advocated a gold-based monetary system, and a gold- or commodity-based system would seem to fit with Mr. Robertson's fundamentalism. Since Mr. Bush will be running on the end of the Reagan record, Mr. Baker is eager to steal his opponents' thunder.

Political posturing aside, the administration faces a difficult trade-off in the area of exchange rates and inflation. America borrows abroad to finance its trade deficit, building up an interest bill that already comes close to that of Latin America. The risk is that the United States, too, may one day face a debt crisis.

When lending ultimately dries up, there could be an uncontrolled dollar depreciation or exorbitantly high real interest rates. The country is nowhere near that point, but it is in the name of a debt crisis that creditors lend to the very minute before they turn their back. The fact that foreign central banks already have spent about \$90 billion this year propping up the dollar is an indication of the problems that are building.

Prudent policy would be to allow a further controlled depreciation of the dollar now, say 30 percent, to put the economy in a much more competitive position. No doubt inflation would rise somewhat, but that would be a small price to pay, much smaller in any event than the double-digit inflation the United States risks if the dollar collapses some years ahead.

But the unfortunate fact of politics (well known in Latin America) is that overvaluation is politically popular. It avoids inflation, keeps living standards artificially high and leaves difficult problems to the next team. Of course, this policy is self-defeating, because it makes investment the roughly unattractive and thus ultimately reduces living standards.

For Mr. Baker and Mr. Bush there is the added problem that they hope to be the next team. Why lower the standard of living at the very time they hope to be running the country? Surely, the worst policy is to defend an overvalued dollar by raising interest rates. Speculators recognize the overvaluation and hence shy away from the dollar, leaving the gap to be filled by central banks. Thus, it takes increasing interest rates to ward off the speculative attacks that ultimately will take the dollar down.

The best policy is to take the dollar down today, even if it means raising two extra percentage points or so in the inflation rate. Why suffer the ravages of high interest rates merely to postpone the inevitable, or even make it worse? Regrettably, the talk of gold gimmicks suggests that there is a disregard in the administration for serious economic policy.

The writer is a professor of economics at the Massachusetts Institute of Technology. He contributed this comment to The New York Times.

... Cloud of Gold, Bag of Wind

LETTERS

No Fans of Mr. Baker

Regarding "The Debt: Fuel for the Doomsayers" (Sept. 18):

The major unknown for all these months and for the near future is: At what rate of exchange will the dollar stop dropping? U.S. Treasury Secretary James Baker seems to be the last person able to answer this question. One fears that if the present financial policy led by Mr. Baker continues to be applied, with its contradictions, ambiguity and inefficiency, the United States—and with it the whole, free world—faces disaster.

One must therefore wonder how it is possible that, considering the enormous resources of gray matter and brilliant economists in the United States, there is no move to replace Mr. Baker with someone more successful, more skillful. All those who care for or about America, her prestige and currency, should wish for such a change.

BENJAMIN JOSEFSON

Mr. Baker's proposal to evaluate exchange rates against a basket of commodities (JHT, Oct. 1) certainly has its merits, except for the inclusion of gold in the basket, which—as Jacques Delors, president of the European Community Commission, has quite rightly pointed out—has the flavor of a domestic political gag.

A. SZASZ
Geneva.

AMERICAN TOPICS

U.S. Agency and Judge In Censorship Dispute

The U.S. Information Agency has appealed a federal judge's ruling that its practice of reviewing educational films before certifying them for duty-free export is unconstitutional. Meanwhile, the agency has stopped reviewing films. The Washington Post reports that over the past year a backlog of 932 films has accumulated, unscreened, uncensored and thus ineligible for duty-free export, to the dismay of the \$1 billion-a-year educational film industry.

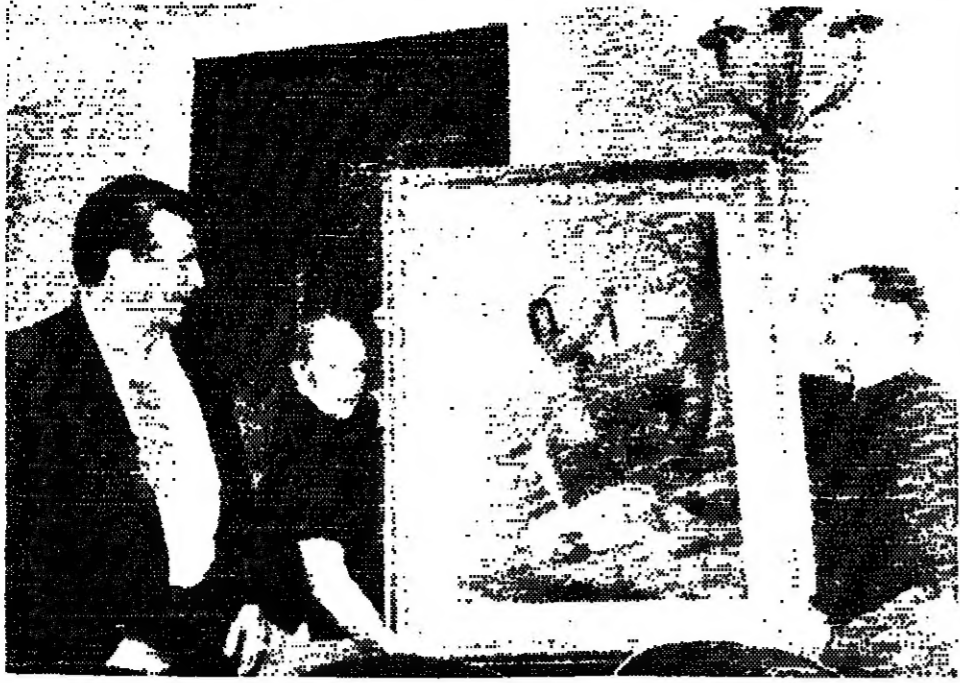
Agency regulations are based on a 1948 agreement, signed in Beirut, under which 72 countries exchange educational films. The regulations say no film can be certified if it is found to be biased, inaccurate, commercial or an entertainment film. It can still be exported, but not duty-free.

Judge A. Wallace Tashima ruled in U.S. District Court in Los Angeles that "treaty obligations to certify what is 'educational' may not, consistent with the Constitution, place USIA in the position of censor."

Last month, Judge Tashima directed the agency to publish new regulations by Nov. 17 or issue film certificates without them.

Short Takes

Bob Dole says he has no intention of giving up his post as Senate minority leader while campaigning for president. The Kansas Republican, who was re-elected last year to a six-year term, was quoted by U.S. News & World



ONE LESS SCALPING ON CAPITOL HILL — Workmen remove an 1868 painting from the House of Representatives Interior Committee room in Washington, as requested by Representative Ben Nighthorse Campbell, left, Democrat of Colorado, an Indian. He found the depiction of an Indian holding up a white man's scalp offensive.

Report as telling friends that he feared "becoming a eunuch" politically if he gave up the minority leadership and then lost the presidential race.

The Statue of Liberty is part of New York state even though it is on the New York side of New York Bay, the U.S. Supreme Court has ruled. The court rejected a suit by two New Jerseyites. It made no comment, but courts in the past have ruled that the statue belongs to New York because of an 1833 compact in which New Jersey ceded to New York the island on which the statue stands.

A state lottery is a "public subsidy of intelligence," W.V. Quine,

a Harvard emeritus professor of philosophy, writes in "Quiddities, An Intermittently Philosophical Dictionary" (Harvard University Press, \$20). The lottery, he explains, "yields public income that is calculated to lighten the tax burden of its prudent abstainers at the expense of the benighted mass of wishful thinkers."

In Boy's Plan, Cycling Turns Television On

"I am a 10-year-old boy, and I am considered overweight," Daniel J. Lewis of Rye, New York, wrote in a letter to The New York Times. "My father showed me

your story about the American Academy of Pediatrics official who warned of a generation of fat children, mostly blaming television watching."

Daniel recommended "an invention so that parents could hook up an exercise bicycle to the television set, and the child would have to ride three miles (4.8 kilometers) to turn the television on, and keep up a minimum speed of 10 miles an hour to keep the television going.

"Or, before the program comes on, the child could ride as much time as the program takes and store the electricity in an attached storage battery."

— ARTHUR HUGBEE

U.S. Is Set to Cut 8% of State Dept. Jobs

By John M. Goshko

WASHINGTON — The State Department, struggling to cope with severe budget restrictions, is preparing the biggest round of job cuts in the department's modern history. About 1,370 jobs, or 8 percent of its 15,800 Foreign Service and Civil Service positions, will be eliminated.

Senior department officials said Thursday that the proposed cuts probably will require the department to ask Congress for legislation permitting incentives for early retirement and a follow-up "reduction in force" since neither is permitted by the Foreign Service Act of 1980.

That act has already forced hundreds of U.S. diplomats to retire in their late 40s and early 50s, but without incentives.

The officials said the cuts will have what one called "a devastating effect" on morale and will severely impede the department's performance.

The sources charged that the cuts had been planned in secrecy without consulting the various bureaus of the department and, as a result, reflect what one called "a numbers-crunching approach that concentrates on eliminating people rather than expenditures for things such as buildings and equipment that could have been deferred."

In particular, the sources said, many senior officials believe the department should have postponed plans for a new Foreign Service Institute campus in Virginia, for embassy building projects overseas and for the extension of its computer operations.

The department plans to close two small African embassies, in Equatorial Guinea and the Comoros Islands, and 13 consulates.

The consulates tentatively slated for closure are in Bordeaux; Porto Alegre, Brazil; Brisbane, Australia; Auckland, New Zealand; Oran, Algeria; Oporto, Portugal; Edinburgh; Quebec; Zurich; Antwerp, Belgium; Adana, Turkey; Surabaya, Indonesia; and Kaduna, Nigeria.

The cuts are outlined in a reorganization plan prepared under the guidance of Deputy Secretary of State John C. Whitehead. The Washington Post has obtained a copy of the plan, which was supposed to be in final form by Saturday to deal with an anticipated \$84 million shortfall in congressional appropriations for the State Department during the 1988 fiscal year.

The plan envisions a series of job and office consolidations, reduced operations and other cost-cutting measures. It will eliminate slightly more than 200 positions overseas, but most of the cuts will affect the department's headquarters.

Although both Foreign Service and Civil Service personnel will be affected, the cuts will fall most heavily on the Foreign Service.

In one instance, 55 jobs will be eliminated by merging the department's Bureau of International Communications Policy into the Bureau of Oceans and International Environmental and Scientific Affairs.

Other bureaus that deal with press and public information, personnel, congressional relations, economic and political-military af-

fairs will face severe personnel cuts, in some cases by as much as 25 percent.

Other cuts will eliminate the Latin American bureau's public diplomacy office, which has been controversial because of its role in promoting the cause of the Nicaraguan contras, eliminate the staff of the ambassador to the Organization of American States, and reduce the policy planning staff.

The plan emphasizes eliminating "duplicative activities" by cutting officials from bureaus that deal on a regional basis with subjects such

as economics and political-military affairs.

Other measures expected to affect morale include eliminating "superior performance pay" for members of the Senior Foreign Service, abolishing the 10 percent pay differential for "hardship posts," ending incentive pay for officers who achieve proficiency in critically needed difficult languages and restructuring the Foreign Service health insurance program so that officers assigned abroad will have to pay higher premiums for reduced hospitalization coverage.

Senate Approves Legislation to Limit Use of Diplomatic Immunity in U.S.

By Helen Dewar

WASHINGTON — The Senate has approved legislation aimed at deterring foreign diplomats and their families from using diplomatic immunity to escape prosecution for serious crimes committed in the United States.

While stopping short of denying immunity, the measure would limit its use and thereby ease friction in cities such as Washington and New York, where immunity has been invoked to block prosecution for crimes ranging from parking violations to rape.

One provision would require a country's foreign minister to make a specific request for immunity in cases involving crimes of violence, drunken driving or other serious offenses. Immunity is now assumed automatically.

In addition, if a U.S. law enforcement body wanted to prosecute a diplomat, the secretary of state would have to request that a foreign government waive immunity for the accused person.

If the foreign government did not waive immunity, the United States would expel the individual as persona non grata. Anyone who left the country in this way would be barred from re-entry.

The proposal, advanced Thursday by Senator Jesse Helms, Republican of North Carolina, with support of senior Democrats on the Senate Foreign Relations Committee, is a modified version of a measure he proposed earlier that would have excluded all but a few top diplomatic and consular officials from immunity protection.

While it is considered unlikely to satisfy fully either the State Department or local prosecutors, it could have a "significant deterrent and remedial impact without violating established principles of diplomatic immunity," said a spokesman for the Foreign Relations Committee.

It was approved by voice vote as part of the State Department authorization bill for the 1988 fiscal year. The bill was amended Thursday to require the Soviet Union to relocate its new embassy complex in Washington from Mount Alto to a site at a lower elevation that would be less well-suited for electronic surveillance.

The embassy provisions, which include a demand for renegotiation of the U.S.-Soviet treaty under which both countries are building new embassies in each other's capitals, were approved previously as part of a defense authorization bill that has been threatened with a presidential veto.

The \$3.6 billion State Department bill is considered more likely to be signed into law.

In other actions, the Senate:

• Ordered the government to close the New York as well as the Washington office of the Palestine Liberation Organization. The State Department recently ordered the PLO to close its Washington office, but its New York office is still open.

'Spycatcher' Book Is an Irish Sellout

Reuter

DUBLIN — The book "Spycatcher" that the British government has sought to ban went on sale in Ireland on Friday with distributors saying that orders had already exceeded its first printing run of 5,000 copies.

The Eason and Son, Ireland's biggest book distribution company, was appointed by the publishers, Heinemann, Australia, to sell the memoirs of Peter Wright, a former member of British counterintelligence.

"We are not expecting any legal problems," a spokesman for Eason said on Irish radio.

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U.S. News Groups Back Appeal in Espionage Case

By George Lardner Jr.

RICHMOND, Virginia — Backed by several news organizations, a former U.S. Navy intelligence analyst, Samuel Loring Morison, has asked a U.S. appeals court to overturn his 1985 espionage conviction for leaking classified spy satellite photographs to the press.

Mr. Morison's lawyer, Mark H. Lynch, maintained at a hearing Thursday that Congress never intended the espionage laws to be applied to leaks to the press and that his conviction, if sustained, would set a dangerous precedent and have a "chilling" effect on the exercise of press freedoms.

Morison was convicted, portrayed him as a "venal" man who "stole photographs belonging to the government" to curry favor with a British magazine where he wanted a job and then, when he was caught, tried to wrap himself in the First Amendment.

In a 49-page legal document, the news organizations said that no one had ever been convicted of a crime for disclosing information to the press or the public.

Since Mr. Morison was convicted of theft as well as espionage, they argued, "the simple receipt of 'nonpublic' documents may expose the press to prosecution... whether those documents relate to the national security or to the national parks."

"Congress never intended these results, and those who adopted the First Amendment never would have tolerated them," the news groups said.

The document was signed by The Washington Post, The Wall Street Journal, The New York Times and eight other major newspapers; the three major television networks; Time, Newsweek and U.S. News & World Report magazines; and 14 other organizations, including The Associated Press, the American Society of Newspaper Editors and the American Newspaper Publishers Association.

Mr. Morison, the 42-year-old grandson of the late naval historian Samuel Eliot Morison, is free on a \$100,000 appeal bond.

He was sentenced to two years in prison for sending Jane's Defense Weekly three secret U.S. spy satellite photos of the Soviet Navy's first nuclear-powered aircraft carrier, under construction at a Black Sea shipyard.

The military magazine, an offshoot of Jane's Publishing Co., for which Mr. Morison worked part-time as a U.S. editor, published the photographs in the August 1984 edition with an article concluding that work had been speeded up on the 75,000-ton carrier.

Mr. Wilcox assured the appeals court Thursday that "the government would be very, very loath" to apply the espionage and theft laws to the press.

A Centennial Message from the International Herald Tribune

NOTES ON A CENTURY

The IHT Centennial Gala



By Wendy Mallinson

Sixteen hundred guests toasted the 100th anniversary of the International Herald Tribune in a sparkling cloud of vintage champagne, high nostalgia and even higher spirits last Saturday night at a rollicking birthday party at the Palais de Chaillot in Trocadero, just across the Seine from the Eiffel Tower.

The setting was exceptional, even for Paris. A specially constructed transparent tent — a week in the making, and the largest ever built on that site — afforded revelers a panoramic view of the starlit night, the Parisian skyline and — as the evening bubbled on — some spectacular surprises.

The historical significance of the event was not lost on the evening's featured speaker, said Art Buchwald, tongue firmly in cheek. "The speech I am about to give was written 100 years ago in Paris by James Gordon Bennett and was delivered last week in New Jersey by Senator Joseph Biden."

Buchwald recalled his 14 years of "salad days" starting in 1949, as the paper's practically self-appointed nightclub reporter. Just how did he land "the cushiest spot on the Herald Tribune?" "I got my job in the tradition of all Herald Tribune personnel," said Buchwald. "I was the lowest bidder."

There was no shortage of personalities to brighten Buchwald's Paris beat: Elizabeth Taylor ("my fondest memory is playing goalie for her in the Rome Olympics when the Italians tried to pinch her from the rear"), Ernest Hemingway ("he never found out about it, but I was the one who ate his moveable feast"), and the royal

family of Monaco ("the Grimaldis and the Buchwalds had been feuding for the last 500 years," so he was sure he would be barred from the wedding of Grace Kelly to Prince Rainier).

The thing that makes this such a special evening, Buchwald concluded, "is that this lovely newspaper has in one way or another touched everyone in this room. The future of this newspaper has been in doubt from the first day. It survived because it has always had people who cared very, very much for the paper."

We celebrate the 100 years the Tribune was and we dream of the 100 years that it will be. IHT Publisher Lee W. Huebner noted that the evening's festivities fell on exactly the same night, 100 years before, that Bennett launched the Paris Herald. "Tonight," said Huebner, "we have the rare opportunity to stand between two centuries."

This year is also the 20th anniversary of the three-way merger that created the paper's present ownership. Honoring this partnership, Huebner invited Walter N. Thayer (chairman of the Whitney Communications Corp. and president of the IHT's board of directors), Katharine Graham (chairman of The Washington Post Co.) and Arthur Ochs Sulzberger (chairman of The New York Times Co.), as well as Buchwald and Executive Editor John Vinocur, to help blow out the first 99 candles on the Trib's birthday cake.

Where was the 100th? The most significant candle of all was provided by the city of Paris — in the form of the Eiffel Tower, which was "blown out" electrically, right on cue. Afterwards, a spectacular fireworks display lit the skies over Trocadero, causing impromptu traffic jams on the nearby Pont d'Iéna.

A showing of "The Global Newspaper," a film history of the paper's 100 years, set the stage early in the evening by reminding guests of the paper's rich and colorful history. Produced and directed by Douglas Manning, the film was narrated by American television journalist Walter Cronkite, who also was present at the party.

Echoing the film's final moments, members of the Trib's composing room staff joined in a spirited rendition of the "A La" — a drinking song traditionally chanted to salute old comrades. Knowledgeable alumni quickly joined in, and for a long moment the Trib's past and present clinked glasses over the decades.

Late in the evening a short second film



captured highlights of the year's far-flung global Centennial celebrations, concluding with a videotaped tribute from U.S. President Ronald Reagan.

Guests included most members of the paper's Paris staff, many representatives of its offices around the world, and former employees going back more than 50 years. The paper's Centennial sponsors and advertisers were there, as were printers, distributors, suppliers, journalistic colleagues and other friends and neighbors "from Paris and from our global neighborhood." All were welcomed by Huebner to what he called "a family birthday party."

Concluded Huebner: "Across the decades and across the continents, we come

home to Paris tonight to celebrate together our first 100 years."

Several French government officials, including Prime Minister Jacques Chirac, Defense Minister André Giraud and Interior Minister Charles Pasqua, were in attendance. Former West German Chancellor Helmut Schmidt was present, as were actress Leslie Caron, director Louis Malle, Ethel Kennedy, Jean Kennedy Smith and French radio personality Claude Carrière, along with a host of media executives and prominent journalists from several countries.

Luminaries with ties to the paper's early years were honored guests at the gathering. Leonie Mitchell, daughter of longtime Bennett associate Perry Mitchell, joined the party, as did Freddie Hawkins, son of Eric Hawkins, the paper's managing editor for 36 years. Also there was Patricia Petrie, the daughter of Bennett's only nephew; she is the wife of the current British ambassador to Belgium. Former publishers Sylvan Barnet and Willet Weeks were introduced, as well as former chief editors B.J. Cutler, Mort Rosenblum and Philip Foisie.

As guests arrived, they were saluted boisterously by La Batterie Fanfare de la Musique des Gardiens de la Paix de Paris, aligned beside a long red carpet leading across the Trocadero plaza toward the party. In keeping with the evening's Paris-America theme, French singer Line Renaud performed "The Star-Spangled Banner," while American Dee Dee Bridgewater sang "La Marseillaise" and joined with the Michael Zwerin Group to entertain through the night at the dance following the dinner. Associate Publisher Richard H. Morgan was the evening's master of ceremonies.

The week-long pre-gala engineering and lighting prodigies were overseen by Paris Regisseur Jean-Jacques Guillaumat. The fireworks were provided by Etienne Lacroix; the tent by Bernard and Daniel Jaulin. Catering was by Michel Lenore. Elisabeth Hopkins and Bruce Singer supervised Centennial Week arrangements for the IHT.

Guests dined on foie gras de canard, lamb cutlets cooked in pastry, spinach mousse, white and pink champagnes from Charles Heidsieck, and Baron de Rothschild claret. And, of course, birthday cake in that flavor so favored by the French and Americans, too — chocolate.

This is the 34th in a series of messages about the IHT which will appear throughout the Centennial year.

ARTS / LEISURE

How Lacroix's Fallout Hit Milan Designers

By Nina Hyde
Washington Post Service

MILAN — A fashion consultant from Paris, Far McColl, spotted Christian Lacroix at the Moschino show at the fairgrounds Tuesday afternoon.

"Do you know how many things you have spawned in the Italian collections?" she asked the designer.

"I don't know that I can really feed them all," Lacroix answered modestly.

The Moschino show was one of the few things in Milan largely untouched by this Paris designer's fling with fantasy dresses. But when the next morning found him in the front row of the Genny show, his influence — the big flowered prints, the puffed silhouettes — must have been clear. "Some are calling it the Chernobyl effect," says La-

croix assistant Jean-Jacques Picart. "After us, the fallout."

"For sure, Lacroix has shown us that we can put a little fantasy even into sportswear," said Aldo Pinto, husband and business partner of Mariuccia Mandelli of Krizia.

Of course, a whole season doesn't spin off from one collection or one designer, and clearly Emanuel Ungaro in Paris, with his tightly draped torsos and bold print combinations, and Vivienne Westwood, with her crinolines, have had their influence on many, including maybe even Lacroix.

The ready-to-wear collections in Milan had several recurring themes that will influence the way women will dress by next spring. Among the directions coming from these shows:

• Sheer fabrics, like printed chiffon, made to flutter in skirts under contrasting jackets at Genny and

elsewhere. Suede is so light it was almost sheer at Mario Valentino, and sheer scarfs trailed from the waist at Ferré.

• Prints were often huge flowers or quite the opposite, tiny Provencal florals. The shoes and bag of printed fabric were part of the Fendi and Genny collections. Tartans, which are popular with kids on the street, particularly in Paris, showed up in several places, including Fendi and Armani.

• Bareness, always around in spring collections, appeared with cropped sweaters at Romeo Gigli and strapless-bra tops in many of the shows, sometimes replacing a blouse or shirt under a suit.

• Pants, put aside for a while, returned in force, perhaps as an alternative to the new short skirt. For Romeo Gigli, "pants are a way to get women out of poufy skirts," he says. He cut his pants narrow and not full length, and paired them with matching skinny jackets to revive the old pant suit in a new way. Versace, too, did pantsuits, including pants with one leg.

• The cuffed, off-the-shoulder top, a theme last spring with just a few designers, reappeared often for spring, though strapless is still more popular.

• Stretch gave a more conforming fit to denim at Byblos and Giorgio Armani. Gigli used stretch fabric, he says, because "I don't like complicated cuts," and stretch lets him keep things simple but fitted to the body.

• Colors returned in a mix of rich or soft pastel shades like mango and melon. Armani and Mario Valentino are color artists. On other palettes, bright tones appeared along with brown and white and lots of navy. (Krizia used no black, only navy, throughout the collection.)

• Short skirts with shape and detail followed the path blazed by Gianni Versace last season. Some were straight skirts but most moved with soft edges, tiers and pleats.

• Shorter jackets provided a welcome alternative to the currently popular long double-breasted style. No wonder: the shorter jacket better shows off the greater variety of skirts. Christian Lacroix did his shortest boleros, cut higher in the



Armani's shorts; Genny's print skirt; Versace's pouf.



Alternatives to the mini: Ferré's pants and (right) Gigli's "Pants are a way to get women out of poufy skirts," he said.

Merging Cashmere, Silk

By Bernadine Morris
New York Times Service

NEW YORK — Valerie Louthan, Scotland's most prestigious designer of cashmere sweaters, has added silk knits to her repertoire for next spring. Uncertainty about the availability of sufficient quantities of cashmere yarn encouraged her to work with silk, Louthan explained.

"Most of the world's cashmere supply comes from China, and the government has recently decentralized its selling operation," she said. "Many of the Scottish spinners have had trouble ordering the amount of yarn they need. I'm worried about a shortage for next fall."

She decided to work with silk in order to stay in business. Her first collection, for next spring, has been so well accepted that Louthan plans to continue with silk, even if the problem with cashmere supply abates. She is also experimenting with various cashmere and silk combinations to stretch the cashmere supply she still has on hand.

Among the more popular styles is a navy and white-striped turtleneck top that is being ordered by many stores with a white silk knit skirt and a navy cashmere jacket.

Skirts, whether in silk or cashmere, are being made in two lengths, 20 and 24 inches, measured from the waistband to the hem. The shorter length stops a few inches above the knees on most women, Louthan explained, and the longer skirt just covers the knee.

Most of the skirts are straight and narrow, but some are rounded and draped in the front. Combined with a matching cap-sleeve top, the draped skirt look like a soft one-piece dress. Other styles, like a long tunic in broad taupe and white stripes, have a more casual air.

"Everybody treats cashmere much too seriously," the designer observed. "The metal snaps, which you see on work clothes, cut that seriousness."

above the knee by a couple of inches.

There's no such thing as a simple straight skirt in Armani's collection. "People already have those," he says. And so he has put lettuce edges on some, and made others that are shorter in the front than they are in the back. For the evening, Armani played with a gypsy theme. Models' heads were wrapped in scarfs, and they wore heavy-bead necklaces and long, layered chiffon skirts. More casual were his skirts worn with tightly smocked printed silk tops.

One trend that has surfaced for spring, despite shorter skirts and jackets and in lighter fabrics, is a heavier price tag. "It can't be helped," insisted Pinto at Krizia.

"Last year we could hold the prices with a shorter markup. But the cost of fabric has gone up 4 percent and the inflation is up 5 percent. So we are asking 10 percent more for spring."

Jersey tops convert to bolero jackets, skirts are laced through with drawstrings to change their shape, sweaters turn into halter tops. And some jackets can be worn front to back.

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ARTS / LEISURE

Inconsistent Quality in Sale of Far Eastern Art

PARIS — However much the pressure of international competition may grow, national habits do not die out. They came out strongly in a fascinating sale of Far Eastern art conducted Wednesday at the Hôtel Drouot by Eric Buffetaud.

Unlike many of the daily auctions in Paris, this was a specialist sale — by French standards, that is. The theme was broadly geographic, combining, in the main, Chinese and Japanese art. No less than

SOURIN MELIKIAN

three experts sat at a table, by the auctioneer's podium. One of them, Michel Bourdeley, now in his mid-70s, with over 50 years on the job as dealer and later as an auction house expert, is known the world over to collectors of Chinese art. He has written several books. The latest, written in collaboration with his assistant Guy Raindre, who was also there, deals with Chinese porcelain of the Qing dynasty (1644-1911).

To someone used to Sotheby's and Christie's sophisticated operations, the first striking feature was the heterogeneous nature of the goods, very thinly disguised by the leaf of a blanket denomination "Objets d'art d'Extrême Orient." The sale was not aimed at one or two categories of buyers, but at a whole range of categories. Those interested in getting a set of eight 17th century porcelain plates

of no special merit to lay on their dinner table are not exactly the same as those who might be looking for an 11th or 12th century wood carving from Japan. Neither would be likely to take much interest in excavated bronzes from ancient China, of which there were four, nor in cloisonné enamels of the 16th and 17th century — represented by five lots.

Last but not least, the second part of the sale, which included 116 lots of Japanese lacquerware, mostly medicine boxes called *inro*, appeared to yet another type of buyer. Homeopathic doses are not advisable in the art market when one hopes to attract buyers from far-away countries. And the irony that day was that Japan and the United States were prime targets for some of the best items in the sale.

Buffetaud, one of the cleverest and most dynamic Drouot auctioneers, is certainly not unaware of the position of the market, and Bourdeley, attuned as he is to the international trade, even less so. But experts have little say in the makeup of a sale and Buffetaud, an individualist used to doing his own thing, would find it impossible to pool resources — starting with objects for sale — with any of the other leading auctioneering partnerships.

This results in yet another major handicap in Paris specialist sales — the inconsistent level of quality within a given category. In a market characterized by the scarcity of supplies, no auctioneer can hope to



Japanese warrior.

find enough pieces of one kind to afford to weed out inferior items. The discrepancy in quality is made a shade worse by cataloguing practice. As auctioneers often give in to the wishes of their clients when it comes to reproducing items, you may find, as on Wednesday, a worthless lot of nine run-of-the-mill plates of the 18th century — sold for 5,649 francs (under \$1,000) — illustrated in a large-size photographic plate, while a highly important *inro* bought for 84,861 francs by Spink of London will be jammed with seven others into a single color plate where even a

practiced eye fails to make out details.

As every experienced collector knows, you cannot guess what you will find in most French sales merely by studying the catalogue. You must come and see the items. To do that, you have one day before the sale, and to handle them, one hour, from 11 to noon on the morning of the sale in appalling lighting. In this case, "the main objects" could be seen "by appointment only" on the experts' premises some time before.

Such a system, which transforms preliminary access to the objects into a hurdle race, does not make it any easier to conduct a successful sale. That Wednesday's session should have gone as well as it did speaks for the skills of Buffetaud and Bourdeley — and the latter's worldwide network of trade connections and acquaintances.

The archaic bronzes were well received. A Shang tripod vessel (so-called "ding") of the 12th century B.C. was snapped up by the Brussels dealer Gisle Croës for 97,088 francs, despite a repaired break on one foot. Japanese restorers know how to set this straight in such a way that only X-raying will reveal the repair and there are chemical baths that can pep up a patina such as this one and make it glow. Giuseppe Eskenazi of London bought, via a Paris agent, a wonderful chariot finial of the Warring States period despite some corrosion. The price, 40,297 francs, is on the high side but it has an

excellent provenance, not mentioned in the catalogue. It once graced the collection of a former French diplomat in China.

Sculpture varied a bit more. Early in the sale a fragmentary terra cotta bust of a warrior from sixth century Japan did fairly well at 47,069 francs, paid by the Croës gallery. But three Chinese pieces that raised doubts in the minds of some connoisseurs were left stranded. A low relief ascribed to the Song period projects a Baby Doll vision of Buddhist art with its merry chubby little fellows featuring the Buddha and his attendants. It was bought in at 18,000 francs (21,048 with the sales charge). A wood carving of Guanyin, said to be early Yuan — late 14th century — and to have undergone "some early restoration work" failed to convince and was bought in at 90,000 francs, and an odd-looking bas relief with a soapy feel to it fell flat at 17,000 francs.

The auctioneer and his expert got away by the skin of their teeth with a clumsy stela of the Buddha and two bodhisattvas that they date to the seventh century. It sold for 90,419 francs, on a single bid from a Paris dealer.

The star piece illustrated on the catalogue cover could easily have run into trouble but instead it made a hit. The 11th or 12th century wood carving from Japan of what was once a seated Buddha is missing both arms. Its crossed legs have been sawn off. Its nose is smashed, its drapery damaged by worm gal-

leries. Unsuitable in Japan or the United States, its potential market is confined to Europeans with a penchant for literary considerations on Zen Buddhism. Gisle Croës put up a brave fight for it against Spink of London. She would have carried the prize on a 170,000 franc bid — 190,454 francs with the full commission — had the Ministry of Culture not stepped in to buy it, as it is entitled to by law, presumably for the Musée Guimet in Paris. They paid 178,553.90 francs, a good deal more than the price it would probably fetch in London or New York.

After that things went smoothly for the auctioneer. A funerary portrait of a Ming princess graciously sold for 42,561 francs, the restored face notwithstanding, and a Chinese black lacquer screen with mother of pearl inlay that has seen better days went up to 51,516 francs. This was a rather abrupt transition to the second part of the auction, a group of 116 pieces of Japanese lacquerware.

One could tell at a glance that the collection had been formed many years ago — in the 1930s, sources say, by a member of the French aristocracy — when the emphasis was on building up series rather than on maintaining a consistent level of quality. Some *inro* were superb and here the London trade had a field day. Spink's man got the most expensive one, decorated with feathers, which will probably soon find its way across the Atlantic with a 40 or 50 percent markup on the Paris figure — 84,861 francs. He also bagged an exquisite piece decorated with mother of pearl branches on a black ground for 24,445 francs. The rare signature, Senda Yakyu at the age of 82, enhances its appeal.

Luigi Bandini, Giuseppe Eskenazi's partner, snatched many more of the most beautiful pieces. A masterpiece of landscape composition in the best tradition of early 19th century Japanese woodcuts opens on a box signed by Tsubida Soetsu.

One of his best buys, Bandini reckons, is an *inro* decorated with an elephant by Yamada Jokasai, active in the early 19th century — here as on all other *inro*, the catalogue says nothing about dates. The price, 77,081 francs, is easily one-third below the London auction price, according to the dealer who adds that the same is true of all the top lots. By contrast, the more common types, in the 5,000 to 15,000 franc range, fetched substantially more than they would in London where there are no small collectors. Sales commission aside, the vendor may have raked in pretty much the same amount of money she might have in London when it is all added up. But the real winners that day, as usual at the better Paris sales, were a handful of international dealers.



Damaged Japanese Buddha, 11th or 12th century.

'Utopia vs. Reality' in São Paulo Bienal

By Michael Gibson

INTERNATIONAL HERALD TRIBUNE — "Utopia vs. Reality," the theme of this year's São Paulo Bienal exhibition, is an existing subject, but a survey of the show, which runs through Dec. 13, suggests that the very idea of pursuing a thematic content for venues as large and ambitious as this may be — well — utopian. This does not mean it is unrealistic, only that it serves more to focus public attention on certain aspects of the show than to direct the actual activity of the artists.

Indeed, most of the 300 artists appear to have seen in the sort of rock they had been doing in the past without making even the most tentative attempt to refer to the sensible subject of the show, among the currently successful artists doing this one might cite San-Michel Alberola from France, Luciano Castelli from Switzerland, José María Sicilia from Spain, one of them might conceivably argue that reality and utopia are round, one way or another, to be an underlying reference of whatever.

Curators, on the other hand, might have been tempted to choose works that illustrated the point, his has not been the case overall, partly because selection is delegated in part, as in Venice, to national commissions who are not motivated to serve the general concept of the exhibition. As a result, a mood of cheerful anarchy prevails, occasionally lit by poetic visions that quite unexpectedly get to the heart of the matter.

This is the case of some of the Brazilian contributions, which attempt to focus on the country's secular identity. An unassuming and irresistible display of photos

by Ana Mariani devoted to frontal views of the facades of modest homes in northeastern Brazil is a good example. Houses, it would seem, are ideal utopian figures (any good utopia is bound to be "home"), and the idea of presenting these delightful facades, conceived by the local people for their own enjoyment, in a powerful city like São Paulo, which is plagued with poverty and scarred with raw concrete freeway overpasses and brutal industrial structures that dwarf the individual, might well be perceived as a form of critical confrontation.

As for the heart of the matter, it is perhaps best expressed in a citation selected by Sheila Leirner, the Bienal curator, from the writings of Jean-François Lyotard, one of the more conspicuous French theoreticians of post-modernism: "Here is a course of action: Accelerate deconstruction. Adopt the perspective of active nihilism. exceed the mere recognition of the destruction of all values. Push deconstruction further still and accept, for instance, destroying the belief in truth in all its forms."

All this amounts to a cool variant of Götterdämmerung and is something from which Leirner, with her discreet interrogation, would no doubt like to see present-day art emerge. For many artists today, without awaiting instructions from Lyotard, have been devoting their energies to aesthetically painful exercises in meaninglessness. Twenty years ago this sort of thing was less apparent because it was still concealed behind the jargon of art theory. Today artists themselves will acknowledge that they reflect the collapse of values and the distressing realization that life is "without meaning," that there can be no utopia.

But not all take this stance. Anselm Kiefer, with his huge scale and tremendous forcefulness, was bound to be a star of this event. His work has been variously interpreted, which is perhaps the sign of true value, and one may read into one or another of these enigmatic, thickly impasted paintings some utopian notions that would fit quite neatly into the program — the notion, for instance, suggested by one such work, that the utopian Milky Way is both in the sky and in the puddle, both infinitely distant, and immediately at hand.

Less famous artists who are either young or outside the European and American mainstream are happily revealed by the Bienal. Cornelis Zitzman from Venezuela is a mature sculptor who has devoted most of his work to portraying the women of an island off the coast of his adopted country. Some, like the tall figure of a nude woman leaning back against a hammock, have an impressive aura, but Zitzman also allows himself a humorous vision that is bizarre but very charming. Canada has sent in a very mixed

bag of artists, many of whom appear to be bent on building the largest possible environment on the flimsiest possible pretext.

But one of the most striking works at the Bienal is also by a Canadian, Barbara Steinman, whose "Northern Noises" is a statement about the situation of the individual in totalitarian states. It is fascinating because the artist manages to avoid assuming a merely partisan stance. The Holocaust, the gulag, the vanished persons of Argentina, the victims of Pol Pot in Cambodia come to mind and appear to be commemorated in this shrine in which two stone plaques present the visitor with a low key statement by Hannah Arendt: "The radicalism of measures to treat people as if they had never existed and to make them disappear is frequently not apparent at first glance."

Some Latin-American contributions are obviously inspired by Catholic, African or Indian ritual. Thus artistic chapels of sorts have cropped up in various parts of the

big building. One of these, an environment by two Brazilian artists, Rogério Nazari and Telmo Lanes, even has a piece of red plush framing the end, all to heighten the cult reference, while the floor is decorated with a variety of objects that might well call to mind the offerings laid out on the beaches of Rio for Iemanjá, the goddess of the sea. The walls, meanwhile, are lined with carefully executed paintings in a "fantastical-realistic" vein.

Equally ritual no doubt, in a disquieting way, is the life work of Roman Opalka, who decided some years ago that he would spend the remainder of his days covering large canvases with increasingly large numbers, written in white and in a minute script. Each successive canvas, covered with thousands of figures, will, he explains, be one percent whiter, so that ultimately he will be writing white numbers on a white ground. Here is no doubt one exercise in meaninglessness that ultimately cannot avoid achieving a meaning of sorts, by the very fact that it is carried out with such intense purposefulness.

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Thatcher Outlines Assault On Policies of Welfare State

By Howell Raines

New York Times Service

BLACKPOOL, England — Prime Minister Margaret Thatcher outlined the grand design of her third term Friday, saying she would extend the principles that guided Britain's economic recovery to the "more challenging ground" of social policy.

Mrs. Thatcher told a cheering audience that "free enterprise and competition" had led to a "national revival" since she took office in 1979. Now, she said, the Conservative Party must attack the bastions of Labor power by dismantling "municipal socialism" and other welfare-state policies.

Since the Conservatives' annual conference opened Tuesday, cabinet members have outlined proposed changes in education, health care, public housing, tax policy and other areas. Friday, in a 47-minute address, the prime minister summed up the ideological aims of this legislative assault on Britain's 40-year tradition of welfare.

"We will free tenants from their dependence on council landlords," she said. "We will free parents to choose the schools they want for their children."

She also defended her unpopular plan to replace property taxes, which are based on local councils on property values and ability to

pay, with uniform flat-rate taxes for individuals and businesses. With fixed taxes, Mrs. Thatcher said, "Socialist councils will no longer be able to drive out small businesses and destroy employment by imposing sky-high rates."

As described by Mrs. Thatcher and others at the conference, the main points of her program are:

- The replacement of the progressive property tax with the community charge, or flat-rate "poll tax" that would apply to millions of low-income people now exempt from property and income taxes.

- Education laws to allow local schools to opt out of control by local governments, which tend to be dominated by Labor.

- Changes in housing laws designed to open the rental market to private landlords and broaden home ownership from 62 percent to 75 percent of British households.

- An increase in the number of commercial television channels and establishment of a Broadcasting Standards Council to monitor sex and violence on television.

- Increased privatization of the National Health Service and stricter standards for welfare payments.

As a pro to Tory moderates who have cold feet about the sweeping nature of these changes, Mrs. Thatcher is personally leading the

task forces developing legislation on education, broadcasting and taxes. Even so, she faces the threat of political backlash.

The poll tax is widely regarded as regressive, raising taxes for poor families while providing reductions for owners of expensive homes. Critics say the broadcasting plan smacks of censorship.

Most of the proposals will increase the powers of the prime minister at the expense of local government, and in that sense they are seen as a coldly political plan for demolishing the base of the Labor Party.

International relations were a secondary concern at the Tory conference, but the closing session produced an illustration of the decline of President Ronald Reagan's political prestige in Conservative estimates.

George Younger, the defense secretary, introduced Mrs. Thatcher as "without doubt the outstanding leader in the Western world."

As always, Mrs. Thatcher praised Mr. Reagan, saying a superpower agreement on medium-range nuclear missiles would be a success for Mr. Reagan.

She warned, however, that the United States and Soviet Union should not plunge ahead with further agreements that would produce a "nuclear-free Europe."



Margaret Thatcher after her speech at Blackpool on Friday.

Turkey Court Pakistani Withdraws In Boost for M'Bow Nov. 1 Vote

By Alan Cowell

New York Times Service

ISTANBUL — Turkey's Constitutional Court ruled Friday that a key element of new election procedures was unlawful, jeopardizing a general election set for Nov. 1.

The vote, called last month by Prime Minister Turgut Ozal a year ahead of time, is widely viewed as a further step toward the revival of full democracy in Turkey, a NATO country.

Turks voted narrowly in a referendum Sept. 6 to restore the political rights of former leaders who had been banned from seeking office since the country's last spell of military rule, from 1980 to 1983.

Under new election procedures, announced by Mr. Ozal a day after the referendum, political party leaders were empowered to nominate parliamentary candidates for the forthcoming general election.

Previously, candidates were supposed to be selected in their voting districts by primaries or other tests of rank-and-file sentiment.

The change in election law was challenged by the Social Democratic Party, the principal left-of-center opposition group in the 400-seat National Assembly, or parliament, which applied to the Constitutional Court to have eight aspects of the new procedures outlawed.

The court, whose rulings are not open to appeal, rejected seven of the complaints Friday but upheld the eighth, outlawing the new procedure for selecting parliamentary candidates.

Technically, the decision means that the candidates on party lists announced over the past few weeks are illegal and the lists must be redrawn under the old election rules. Opposition groups say there is no time to do this.

In an initial response to the ruling, Mr. Ozal said the court had not outlawed the Nov. 1 election date, and he declared that the vote would take place that day.

Turkish commentators said Mr. Ozal was calculating that his Motherland Party, the best-organized and biggest, with 250 of the 400 parliamentary seats, would be able to select candidates under the old rules by Nov. 1, while the opposition groups would not.

Turkish commentators said opposition groups challenged the new election law partly to buy time, because most are, in disarray.

PARIS — Amadou Mahtar M'bow of Senegal received a major boost Friday in his fight to retain leadership of UNESCO, winning the support of his closest rival, Foreign Minister Sahabzada Yaqub Khan of Pakistan.

Mr. Yaqub Khan unexpectedly withdrew from the race moments before UNESCO's 50-member executive board was to hold a third-round ballot for the post of director-general.

Delegates agreed to postpone the third vote until Tuesday.

Mr. M'bow, who is opposed by the West but strongly backed by African and some Middle Eastern states, is seeking an unprecedented third six-year term as head of the United Nations Educational, Scientific and Cultural Organization.

Pakistan's UNESCO board member, Atiya Inayatullah, said, "My country stands firmly and surely for Afro-Asian solidarity."

She said the decision had been made in order to avoid a confrontation between the two continents.

"This is the beginning of the end for UNESCO," said a senior delegate, adding that several nations would follow the United States and Britain in pulling out of the agency if Mr. M'bow were re-elected.

The board's recommendation has to be approved at the full conference of the agency's 158 member states next month.

Mr. M'bow gained 18 votes on the first two ballots, while Mr. Yaqub Khan's support slipped from 16 votes to 12 in the second round.

Until the Pakistani announcement, the anti-M'bow lobby had been quietly confident that the Spanish compromise candidate, Federico Mayor, who won nine votes in the second round, was a strong prospect.

Mr. M'bow needs eight votes to ensure a majority, and diplomats said some of the 12 Pakistani votes would almost certainly fall to him.

In another move that shocked Mr. M'bow's opponents, France switched allegiance from Mr. Yaqub Khan to Mr. M'bow.

The French decision was disclosed at an informal meeting of UNESCO states from the European Community. All had decided to support Mr. Mayor until Paris announced its change of heart.

The United States left UNESCO in 1984 and Britain followed in 1985, both alleging anti-Western bias and bad management.



Sahabzada Yaqub Khan

Delegates said several Western nations had switched support to Mr. Mayor from Mr. Yaqub Khan after Nordic countries and West Germany expressed misgivings about Mr. Yaqub Khan's links with his country's military government.

The U.S. and British withdrawal severely hurt UNESCO's financial base. The departure of more major contributors would make it impossible for UNESCO to fund projects estimated to cost \$348 million over the next two years, diplomats said.

Sources in the anti-M'bow lobby, which is concentrated in Western Europe, Canada and Japan, said they would spend the time before the next vote trying to gather enough support to defeat Mr. M'bow.

They said there was a possibility that a candidate would put forward from outside the list of nine voted on this week, in an effort to unite opponents of a third term for Mr. M'bow.

The sources acknowledged privately, however, that they were confident of being able to counter what some delegates said was a master stroke of tactics from Mr. M'bow's camp.

Ms. Inayatullah denied that Pakistan had offered Mr. Yaqub Khan's withdrawal as a ploy to retain a Third World director-general at the head of one of the United Nations' most important bodies.

"Pakistan does not involve itself in tactics," she said. "We have played clean and fair."

EUROPE: Focus on Tactical Arms ARMS: Hunch in Pact Seen

(Continued from Page 1)

weapons that could back the alliance's deterrence strategy, particularly if forward-based aircraft were included.

France and Britain fear that the momentum of new arms accords would increase pressures to curtail their own nuclear strike forces.

"Our position is very clear," a French official said. "We do not want to get into a negotiation that ends up with the denuclearization of Europe. We shouldn't forget either that the East's tactical systems are not just aimed at West German shepherds but at allied forces in Germany, including those of France."

In the French and British view, the condition of Mr. Kohl's Christian Democratic Party, which has been dethroned in a series of state elections, has given the initiative on arms control issues to Foreign Minister Hans-Dietrich Genscher

and his small Free Democratic Party.

Mr. Genscher is sometimes acridly portrayed, notably in Paris, as a short-sighted enthusiast for any arms accord that will enhance his party's electoral fortunes.

In Bonn, a Foreign Ministry official said the West Germans wanted the battlefield systems "on the agenda."

"But we also know that if Gorbachev comes up with a third zero proposal, we will not accept it," he insisted, referring to Mikhail S. Gorbachev, the Soviet leader, and "zero options" for eliminating all arms in a particular category. "We want reductions, not elimination."

At a gathering of conservative West European leaders in West Berlin last month, Prime Minister Margaret Thatcher of Britain and Prime Minister Jacques Chirac of France pressed their view on Mr. Kohl that the next phase of arms negotiations should concentrate on reducing the Warsaw Pact's conventional superiority in Europe, officials said.

The French and British have for the moment agreed to disagree with the West Germans on the meaning of a NATO foreign ministers' communiqué issued in Reykjavik in June that put the issue of "tangible and verifiable reductions" of battlefield missiles at the end of a list of arms control goals that included strategic systems, chemical weapons and conventional forces.

But the West Germans have insisted on regarding the four components as a package that could involve simultaneous, not sequential, talks.

EUROPE: Focus on Tactical Arms ARMS: Hunch in Pact Seen

(Continued from Page 1)

ly discount, is that there is a misunderstanding over the compromise worked out in Washington.

Another possibility, officials say, is that Soviet arms negotiators may have been overzealous in interpreting their instructions from Moscow.

"It may be part of a bargaining strategy or the delegation may have overinterpreted their instructions from Moscow," an official said.

Although some U.S. officials have expressed optimism that a treaty will be completed before Mr. Shultz reaches Moscow, others disagree. One official said Thursday that he expected that the Moscow meeting would be devoted to part working out the remaining issues.

The officials said West Germany had granted approval for Iran to send Mehdi Ahar Mostafavi to Bonn and that Mr. Mostafavi was associated with the Revolutionary Guards who controlled the U.S. Embassy in Tehran while Americans were held captive there.

U.S. Complaints to Bonn Over Iran Envoy's Past

The Associated Press

WASHINGTON — The new Iranian ambassador to West Germany has been identified by the United States as a participant in the holding of American hostages in Tehran in 1979, sparking a complaint to the Bonn government by the State Department, U.S. officials said Friday.

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GULF: Pentagon Defends Attack

(Continued from Page 1)

the extent that it could be done, indicated that there had been some confusion. "This morning we had the two totally disabled and took them in tow and have them under control. And we'll be examining them fairly closely."

The confrontation marked the first time Iranian military forces opened fire on a U.S. ship or aircraft. On Sept. 21, a U.S. helicopter gunship disabled the Iran Ajr, which later was scuttled by U.S. forces. That vessel was attacked after it was detected laying mines; it never fired at U.S. aircraft.

Mr. Weinberger denied assertions by Iran that U.S. forces had fired first Thursday night, but he acknowledged that the United States could not prove that.

"We don't have the absolutely conclusive evidence that we did when men were seen pushing mines into the sea," he said, referring to mines found aboard the Iran Ajr and in nearby waters, and to testimony from crewmen.

In a separate incident, Mr. Weinberger said, another U.S. military helicopter flying in the southern Gulf on Thursday reported gunshots being fired from an Iranian oil rig. In that case, however, he said it was unclear whether the Iranians were firing at the Americans, and the helicopter left the area without returning fire.

The Pentagon on Friday denied an Iranian claim that its forces had shot down a U.S. helicopter and damaged a U.S. Navy ship.

"We have no warships damaged and we have no helicopters missing," said Lieutenant Commander Chris Baumann, a Pentagon spokesman.

In the incident that led to the attack on the gunboats, the U.S.

helicopter was on a routine patrol and did nothing provocative but suddenly found itself under fire from the small boats, according to a Pentagon spokesman, Fred S. Hoffman. The observation helicopter then called for help.

The spokesman said heavily armed helicopter gunships were flying nearby to protect the observation aircraft and immediately attacked the Iranian boats.

Mr. Weinberger said the Iranian patrol consisted of four boats, a 170-foot (52-meter) vessel he described as a corvette, a Swedish-built patrol boat about 42 feet long, and two smaller boats.

The corvette sped away when the shooting started, Mr. Weinberger said.

Mr. Hoffman said he did not believe there was any radio communication between the Iranian boats and the helicopters.

The U.S. helicopters fired machine guns and small rockets at the Iranian boats, he said.

Despite the chronology released by Mr. Hoffman, Pentagon sources said it was not clear whether two or three U.S. helicopters were involved in the attack.

The sources disclosed, however, that the gunships were Army Special Operations aircraft known as MH-60s, and that they were flying from a large barge leased by the navy and moored in the northern Gulf to support mine-sweeping operations.

■ Mitterrand Backs U.S.

President François Mitterrand of France on Friday upheld the right of U.S. forces to defend themselves if attacked in international waters, Reuters reported from Buenos Aires.

Mr. Mitterrand, in a news conference during his tour of South America, said Washington's report of the latest shooting incident in the Gulf seemed well founded and that if French forces were attacked in international waters, "That's the way France would act."

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Uganda's 25th: Some Yearn for Colonialism

(Continued from Page 1)

of our nationhood," it said. Information Minister Amin baba Mayanja told the interim National Assembly that many Ugandans remembered with envy the days of colonialism.

"They would stand under the tree of liberty and criticize the government," he said of the colonial period. "After independence, such freedom was denied the people."

Uganda's troubles began in 1966 with a power struggle between Mr. Obote and the traditional kingdoms of Buganda, Toro, Bunyoro and Ankole. In 1971, the army commander, Idi Amin, seized power and began an eight-year rule marked by mass murder, brutality and indiscriminate plunder of the economy.

Tanzanian troops and Ugandan exiles invaded in 1979. Mr. Obote returned to power in 1980 through elections that were widely regarded as fraudulent.

Mr. Museveni, briefly minister of defense, began a five-year guerrilla war that ended in victory early last year.

He has promised to end tribalism, enforce respect for human rights and introduce a form of local democracy. But northern groups and disgruntled remnants of former armies have challenged his legitimacy, dragging Uganda back into the cycle of violence.

He said opponents of Judge Bork had "mounted an attack based on innuendoes, mistrusts and distortions to label Bob Bork's real record of integrity, decency, fairness and, above all, judicial restraint."

"It is time to remove the special interests from the judicial selection process," the president said. "It is time to stop those who are determined to politicize the judiciary and try to accomplish through the courts what they cannot accomplish through the legislature."

Asked why Judge Bork and the president were still pressing for a Senate vote, Martin Fitzwater, the White House spokesman, said: "The point is, do you want to go all the way; do you want to make people live up to their commitments; do you want to find out where the votes are; do you want to give the nomination every opportunity and every chance, and our answer is yes."

(AP, UPI, L.A.)

WASHINGTON — President Ronald Reagan's decision to scale down a \$1.4 billion arms sale to Saudi Arabia appears to have averted a major battle in Congress and paved the way for the sale to go through.

Senators opposed to the original sale said Thursday that they could support the modified package, which eliminates 1,600 anti-tank missiles. Many U.S. legislators have long fought against sales of advanced weapons to Arab states that oppose Israel. Some have accused Saudi Arabia of supporting what they view as terrorist groups.

Mr. Reagan, who officially notified Congress of the smaller arms package on Thursday, agreed to eliminate 1,600 Maverick air-ground missiles worth \$360 million and said 12 F-15 fighter jets would be provided one at a time as those already in use are retired.

Two monks in a small monastery in central Lhasa reported Thursday that two of the arrested monks died of their injuries.

At Drepung Monastery, five miles (eight kilometers) outside Lhasa, other monks said seven marchers were hospitalized with serious injuries.

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Reagan's Smaller Saudi Sale Wins Support in Congress

(Continued from Page 1)

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SAURDAY-SUNDAY, OCTOBER 10-11, 1987

BUSINESS/FINANCE

ECONOMIC SCENE

Whither U.S. Profits? Up, But Probably Not Enough

By LOUIS UCHITELLE
New York Times Service

NEW YORK — To hear Wall Street tell it, the profits of American corporations are booming. Their growth is "nothing short of sensational," says Allen Sinai, chief economist at Shearson Lehman Brothers. Numerous analysts and brokerage houses echo his enthusiasm. The superlative tossed out by David Hale, chief economist at Kemper Financial Services, is "profit-flation."

Wall Street, of course, has a stake in this viewpoint. Stock prices nearly always are driven up when investors think that profits will rise. That promise of higher earnings in 1987 was a big factor in pushing up the Dow Jones industrial average to its high of 2,722.42 on Aug. 25, from less than 1,900 on Jan. 1. Now, expectations of sharply higher earnings for the remainder of 1987 and for most of 1988 are about all that keep the Dow from slipping into a long decline in the view of many economists.

But is the optimism justified? Will profits rise enough to justify today's high stock prices, or even a lower average, say about 2,300 or 2,400? (The close Friday was 2,482.21.)

The 51 analysts and economists surveyed monthly by Blue Chip Economic Indicators, a newsletter in Sedona, Arizona, say yes. Their forecast for October is that after-tax profits in 1987 will be 10 percent above the 1986 level, and the rise next year will be a very healthy 8.3 percent.

Corporate America has a fighting chance of meeting the 10 percent projection, if second-half results are particularly strong. After-tax profits were up about 6 percent through June, reaching an annual rate of \$134.5 billion, compared with \$126.8 billion last year. And third-quarter results probably will be strong. But a rise of 8.3 percent in 1988 — or even of 5 or 6 percent — is very questionable.

The problem is that some of the factors pushing up profits this year may be fading. The dollar's depreciation over the last two years, for example, has contributed strongly to profit growth in 1987. Revenue from sales abroad has been converted into more and more dollars. Price increases have been easier to achieve. And the lower dollar has meant greater sales volume, chiefly abroad.

BUT HOW MUCH more in profits can be squeezed from a dollar decline that seems to have nearly run its course? And what about the down side of a cheap dollar? Thousands of American companies now buy parts abroad for products manufactured in the United States. The higher value of the Japanese yen or the Deutsche mark means these parts cost more, cutting into profits.

Restructuring's big contribution to profits may also have run most of its course. In restructuring, manufacturers cut costs by closing inefficient plants, automating, laying off workers, keeping wage increases to a minimum and eliminating fixed overhead by purchasing from contractors.

The question for stock market investors, however, is not one of improvement but of comparison: How much better will next year's profits be than this year's? In this debate, two other factors are also working against the market.

One is taxes. The tax revision last year lowered the corporate tax rate but offset this by making depreciation allowances less generous and by eliminating the investment tax credit. The net effect was an increase of 5 percent in after-tax earnings, said Robert Zevin, chief economist of U.S. Trust Co. in Boston. "But next year the improvement will be only 2 or 3 percent," he said.

The other factor is debt. To pay for takeovers, leveraged buyouts and stock buybacks, corporations have taken on hun-

See PROFITS, Page 13

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Treasuries Continue To Fall

U.S. Yields at 22-Month High

Reuters

NEW YORK — U.S. Treasury bond prices closed lower Friday, continuing a slump brought on by a climate of rising interest rates.

Dealers said prices dropped following a partial recovery after a rumored increase in the Fed's discount rate failed to materialize.

Bonds recouped opening losses as participants covered short positions after the Federal Reserve left the rate unchanged. But buying slackened, and comments by U.S. Treasury Secretary James A. Baker 3d, who seemed to suggest the Fed would lift rates if necessary, eroded these gains, dealers said.

At the close, the 8 1/2 percent 30-year bond was bid at 89 31/32 against 90 14/32 at Thursday's close. Friday's close was just above the day's low of 89 30/32.

The benchmark 30-year Treasury bond yielded 9.93 percent, a 22-month high, compared with 9.87 percent at Thursday's finish.

Expectations the Fed would raise the discount rate to 6.5 percent from 6 percent Friday were heightened by Thursday's news of high U.S. discount window borrowings by banks. The level of borrowings seemed to confirm that the Fed had tightened its credit stance, dealers said.

Also, many participants found it logical that the Fed would choose to act ahead of the long Columbus Day holiday weekend. "The market had priced in a discount rate increase," said Jim Kampshoffner of First Chicago Corp.

The reaction to Mr. Baker's remarks was mixed. One analyst said the remarks were positive in that he said nothing negative for the dollar and indicated the administration does not want to see higher inflation, which helped the market.

Others said Mr. Baker's comments that a little movement now, to raise interest rates, "can save a lot more later on," echoed views by the Fed's chairman, Alan Greenspan. That cemented expectations that further gains in bond yields will be met with a rate rise.



Larry Champoux, right, and Joseph F. Flaherty working on a text.

Desktop Publishing Widens the Field

But Some Doubt Computers Will Spread Power of the Press

By Andrew Pollack
New York Times Service

SAN FRANCISCO — Toby Rowland-Jones, a former caterer and fund-raiser, decided there was a need for a calendar of charity fund-raising events in the San Francisco Bay area. About a year ago, he began to publish a magazine called *Benefit* using a computer in the basement of his home.

Larry Russell of San Jose, California, quit his job at Hewlett-Packard Co. a few months ago to pursue an idea he has had for years: publishing a newsletter on classical music recordings. And Larry Champoux, a poet, is publishing a book of his poetry. He will take the finished version to a printer.

All three are being aided by a process called desktop publishing. The technology allows people with a personal computer to design and produce documents that look almost as though they have been typeset professionally.

Desktop publishing, barely three years old, is starting to transform the field of publishing by opening it to a great many people who could not have changed to publish before. Enthusiasts see the change as the latest example of how computer technology is extending power from a relative handful of major broadcasting and publishing institutions, such as the television networks, newspapers, book publishers and movie studios, to a broader assortment of individual voices.

Desktop publishing requires a personal computer,

a laser printer and software for word processing, charts or drawings if desired and desktop publishing applications such as layout. Getting started can cost as little as \$2,000. Purchasing a laser printer costs at least another \$2,000, but such printers are now in many copy shops.

The flowering of home publishers poses no threat to the major institutions, most analysts agree. But by lowering the cost of publishing, the technology allows a great diversity of publications aimed at narrower interests to spring up.

Already, desktop publishing is allowing small nonprofit groups and underfinanced political campaigns to produce publications that look as fancy as those of well-heeled organizations.

The technology is also being used extensively within corporate offices and by small businesses to produce everything from office memos and technical manuals to brochures and business forms, posters and menus.

Some experts predict that as the technology spreads, it will raise the standard of what constitutes an acceptable document. In the future, they say, a letter or report that is typewritten, instead of typeset, will be considered shoddy.

Desktop publishing does not replace the traditional printing press, but merely automates typesetting and page layout. Those functions normally involve expensive typesetting equipment and the cutting and pasting of columns of type onto dum-

See DESKTOP, Page 11

Business Leaders Forecast U.S. Growth at 2.5%

Compiled by Our Staff From Dispatches

HOT SPRINGS, Virginia — The U.S. economy will grow at an annual rate of 2.5 percent to 3 percent this year and next, a group of American business leaders predicted Friday. They also said that recent concerns over renewed inflation are probably premature.

In its semiannual report on the economy, the Business Council, made up of executives of the country's largest companies, said that inflation-adjusted U.S. gross national product appears to be growing slightly faster than forecast in its previous review.

It predicted general rises in consumer prices of 3.7 percent in 1987 and 4.3 percent in 1988, and also raised its interest rate forecast from the level forecast six months ago.

"Nevertheless, the risk of severe inflation in 1988, 6 percent or more, still is regarded as less than 1 in 3," the report said.

"The overall view is one of relative predictability, and very much the sense that 1987 and 1988, and even looking into 1989, are likely to be a continuation from what we have experienced over the past couple of years," said John S. Reed, chairman of Citicorp and a vice chairman of the council.

"The inflation to date is really a reaction to the change in the value of the dollar," added Willard C. Butcher, chairman of Chase Manhattan Corp.

The dollar fell sharply between September 1985 and February of this year, as the major industrial nations worked together to drive it lower and to curb the U.S. trade and budget deficits. One of the main effects has been to make imported goods more expensive to American consumers.

Another effect has been to make domestic interest rates rise to compensate for the reduced value of dollar-denominated investments.

Earlier this week, Chase Manhattan and other major banks raised their prime lending rates one-half point, to 9.25 percent, the highest level in nearly two years.

The council's report predicted increases in other rates. The consensus for end-1988 now foresees a

three-month Treasury bill rate of 6.7 percent, compared with 6.3 percent predicted in April, and a rate for 30-year Treasury bonds of 9.7 percent, compared with an earlier projection of 8.3 percent.

The business leaders said that they are concerned about the effect of rising interest rates on some sectors, but do not believe the recent increase in lending rates portends more general economic problems.

They attributed the rise in interest rates more to the effects of international currency fluctuations than to a rapidly expanding economy.

"We don't see any trace at all of an overheating economy," said John F. Welch Jr., chairman of General Electric Co., and the business group's other vice chairman.

"I think there's no question that the higher the rate, the more it's a force to dampen the economy, but I would also say the economy is doing rather well," Mr. Butcher added.

(UPI, WP)

Reagan Reduces Motorbike Tariff

The Associated Press

WASHINGTON — President Ronald Reagan removed Friday the tariff increases he ordered four years ago to curb imports of large Japanese motorcycles and said the U.S. industry had recovered.

Mr. Reagan said he had been advised by the U.S. International Trade Commission that the action "would have no significant economic effect on the domestic industry producing heavyweight motorcycles." The tariffs applied to motorcycles with engines over 700 cc.

The tariff increases were imposed April 15, 1983, at the request of Harley Davidson Inc., the only U.S. maker of big motorcycles. Harley later said its measures to improve its competitiveness had succeeded and asked that the increases be removed.

Currency Rates

Cross Rates	Oct. 9
Australia	1.610
Belgium	36.360
Canada	1.310
Denmark	6.460
France	6.550
Germany	1.360
Italy	1.360
Japan	163.60
Netherlands	2.200
Sweden	4.660
Switzerland	1.480
UK	1.540
West Germany	1.360
Yen	163.60

Source: Reuters. Rates in London. Rates in other cities in other currencies. New York rates of P.M. at Commercial Bank. B. to buy one pound; C. to buy one dollar; D. units of 100; N.G. not quoted; N.A. not available.

Other Dollar Values	Oct. 9
Australia	1.610
Belgium	36.360
Canada	1.310
Denmark	6.460
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Germany	1.360
Italy	1.360
Japan	163.60
Netherlands	2.200
Sweden	4.660
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Interest Rates

Interest Rates	Oct. 9
1 month	7.00%
3 months	7.00%
6 months	7.00%
1 year	7.00%

Source: Reuters. Rates applicable to 100,000 deposits of \$1 million minimum (or equivalent).

Key Money Rates	Oct. 9
1 month	7.00%
3 months	7.00%
6 months	7.00%
1 year	7.00%

Source: Reuters. Rates applicable to 100,000 deposits of \$1 million minimum (or equivalent).

Asian Dollar Deposits	Oct. 9
1 month	7.00%
3 months	7.00%
6 months	7.00%
1 year	7.00%

Source: Reuters.

U.S. Money Market Funds	Oct. 9
1 month	7.00%
3 months	7.00%
6 months	7.00%
1 year	7.00%

Source: Reuters.

Gold	Oct. 9
1 ounce	350.00
100 ounces	35,000.00
1 ton	3,500,000.00

Source: Reuters.



Bail Set for Guinness Figure

Sir Jack Lyons, right, is led from a London court Friday after facing charges related to the Guinness PLC scandal, including the alleged theft of \$3.25 million (\$5.4 million). The financier, 71, was remanded on \$250,000 bail and had to give up his passport.

Irving Formally Rejects Bid and Adopts Defense

Compiled by Our Staff From Dispatches

NEW YORK — The board of Irving Bank Corp. unanimously rejected on Friday a \$1.47 billion takeover offer from Bank of New York Co. and declared a dividend distribution plan designed to dissuade its rival from continuing.

Irving's board said the bank's value greatly exceeds the \$80-a-share offer, made late last month. Irving had said it would reject the offer, which would create the 11th-biggest U.S. bank.

A spokesman said that Bank of New York would continue its efforts to acquire Irving.

The bid is for 47.4 percent of Irving's stock. Bank of New York offered to acquire the remaining 52.6 percent in a stock swap at the rate of one Irving share for 1.9 of its shares. The bank already owns 4.9

percent of Irving's 18.1 million outstanding shares.

Under the dividend distribution plan, Irving shareholders would receive one common share purchase right for each outstanding share of common stock.

Each right would entitle shareholders to buy one share of Irving's common stock for \$200 if a person or group acquires 20 percent or more of Irving's common stock.

If Irving is acquired, each right would enable its holder to purchase \$400 market value of the surviving company's stock for \$200.

The rights will be issued on Oct. 19 and will expire in 10 years.

Irving's shares fell 62.5 cents to \$75 on Friday on the New York Stock Exchange, while Bank of New York's stock also lost 62.5 cents, to \$42.125. (Reuters, UPI)

Panama's Economic Outlook Called Dim

Reuters

PANAMA CITY — The pace of withdrawals from Panama's banks since anti-government protests erupted in June has slowed, but the country's economic crisis is likely to deepen, bankers say.

They forecast a fall in gross domestic product of between 3 percent and 10 percent in 1987, after years of 2.5 percent in 1986 and 4.1 percent in 1985. GDP measures the total value of a country's goods and services, excluding income from foreign investments.

Official figures show deposits in the local banking system — the funds for domestic borrowing — fell to \$2.73 billion in early September from \$3.18 billion at the end of May, but bankers report that the pace of withdrawals has slowed in recent weeks.

Around 15 percent of deposits have fled the local banking system over the last four months of almost daily protests, leading to tighter credit and discouraging new investment.

The crisis has also drawn business away from Panama's offshore banking sector, which has a book value of around \$30 billion.

Edgardo Lasso Valdes, head of the Banking

Association, said confidence was slowly returning to the banking system. He said most money had fled the country because of rumors, denied by the government, that it planned to print a new currency to replace the U.S. dollar, which Panama uses.

"Investors are seeing that none of Panama's banking laws have changed nor has a new currency been introduced," he said. "The government realizes that to do either would threaten the existence of the banking center."

A new currency would probably destroy dollar-based service industries in Panama and threaten sharply higher inflation, he added.

Panama's economy, the most open in Latin America, is heavily dependent on services such as banking and insurance. This dependence enables the economy to recover relatively quickly from crises, but it also makes it highly vulnerable to swings in investor confidence.

Since the crisis began, banks have tightened credit terms, mostly by attaching stricter conditions to loans. Interest rates have risen by about one percentage point, Mr. Valdes said.

But some bankers say tighter credit is forcing businesses to cut back investment and may

make borrowers unable to repay, thereby threatening some of the 116 banks with closure. A Chamber of Construction report said that 30 projects worth \$20 million have been suspended since June, while many others due to start later this year had been shelved.

Some bankers said worsening relations with the United States could touch off a new round of bank withdrawals. The U.S. Senate has given Panama until early next month to make reforms or face sanctions.

The Panamanian government has said Washington is trying to overthrow it to keep control of the Panama Canal beyond the year 2000, when Panama is to take over the waterway.

The crisis is also forcing budget cuts and is likely to bring higher unemployment.

Because of the budget shortfall Panama has already put off until 1988 repayments on its international debts, of \$4 billion, and cut back nonessential spending.

On Wednesday the government said it would make new budget cuts, mainly through tighter controls on spending. It gave no estimate of how much cash the measures would save.

Mountleigh to Buy Spanish Retail Chain

Reuters

LONDON — Mountleigh Group PLC, the British property group, said Friday that it had agreed to buy the Spanish department store chain Galerías Preciados SA for £153.3 million (\$251 million) in cash.

Galerías, Spain's second-largest department store chain, was seized by the government with the takeover of the Rumasa SA holding company in 1983, and was later sold to its current owner, the Venezuelan financier Diego Cisneros, for 350 million pesetas (\$2.89 million).

The chain had a loss of 9.3 billion pesetas for the year ended Aug. 31, with net assets of 62 billion pesetas for the period.

Mountleigh said that Galerías's financial condition had been deteriorating and that the Spanish group lacked the capital and management expertise to return to profitability.

Analysts have attributed the chain's problems to its image.

"It is not as up-market as El Corte Ingles, Spain's biggest department store chain, nor as cheap as other chains," said Karina Robinson, a Spanish shares analyst with Morgan Grenfell, the London brokerage firm.

Mountleigh said it had identified opportunities in Galerías's core retailing business as well as property and other fixed assets valued at 84.8 billion pesetas.

IBM Impasse

In late September major newspapers were publishing the predictions of an analyst who expected IBM to fall 20 points while Indigo was publishing a report calling for a climb from below \$150 to above \$250. Technical market interpretation can be a science or a joke, and you might want to use some common-sense before deciding who is right in an issue whose movements should be helping you determine overall strategy. Write, phone or relax.

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PERSONAL INVESTING

Monday October 12:
An important date for fund investors.

That's the day that the Autumn Funds survey appears in the International Herald Tribune's monthly Personal Investing section, now in its third year of coverage of this vital area of investment.

Twice a year, Personal Investing devotes an entire issue to a global view of the funds industry, providing crucial information on performance rankings, new products and transaction costs.

Monday's issue will offer the kind of information that sophisticated fund investors need to shape their strategy in the months to come.

The International Herald Tribune
Bringing the world's most important news to the world's most important audience.



AMEX Stock Index			
High	Low	Close	Ch'ge
349.08	346.50	346.87	- 2.17

[illegible]

(Continued on next page)

Friday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)

Month	Stock	Div.	Yld.	PE	52-Week High	52-Week Low	Change
10	IBM	3.12	4.1	15.1	125.00	115.00	+1.00
10	Microsoft	0.00	0.0	15.1	125.00	115.00	+1.00
10	Apple	0.00	0.0	15.1	125.00	115.00	+1.00
10	Oracle	0.00	0.0	15.1	125.00	115.00	+1.00
10	Sun	0.00	0.0	15.1	125.00	115.00	+1.00
10	Northern Telecom	0.00	0.0	15.1	125.00	115.00	+1.00
10	WorldCom	0.00	0.0	15.1	125.00	115.00	+1.00
10	Sprint	0.00	0.0	15.1	125.00	115.00	+1.00
10	AT&T	0.00	0.0	15.1	125.00	115.00	+1.00
10	Verizon	0.00	0.0	15.1	125.00	115.00	+1.00
10	Qwest	0.00	0.0	15.1	125.00	115.00	+1.00
10	Southwest	0.00	0.0	15.1	125.00	115.00	+1.00
10	Delta	0.00	0.0	15.1	125.00	115.00	+1.00
10	American	0.00	0.0	15.1	125.00	115.00	+1.00
10	United	0.00	0.0	15.1	125.00	115.00	+1.00
10	Delta	0.00	0.0	15.1	125.00	115.00	+1.00
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10	United	0.00	0.0	15.1	125.00	115.00	+1.00

Analysts Say BankAmerica Is Inching Toward Recovery

NEW YORK — Decisions by BankAmerica Corp. to double its shareholder investment program and to sell capital securities are small but positive steps in the bank's efforts to boost capital, banking analysts have said.

The bank said Thursday that it was doubling the common shares in its investment program to 20 million, to raise an additional \$112 million at the prevailing \$11.25 price. On Wednesday, BankAmerica said it would sell \$425 million of capital securities.

The moves will initially raise the bank's equity-to-asset ratio to 2.6 percent from 2.3 percent at midyear. The bank is still far below the industry standard of 4.0 percent.

Thomas Brown of Smith Barney, Harris & Upham said, "The common equity-asset ratio doesn't have to be 4.0 percent today."

But he said: "It is important that BankAmerica is moving in that direction."

Mr. Brown sees the bank attaining 4.0 percent by 1990 through operating earnings, tax credits and the new shareholder investment program.

Analysts agree BankAmerica needs to improve its equity position. "It looks like BankAmerica will have to raise more money, which it can do

CURRENCY MARKETS

Dollar Limpers Lower in Slow Trading

NEW YORK — The dollar fell today, closing at its weakest levels since the seven major industrial nations reaffirmed their commitment to stabilize the currency markets last month, dealers said.

In slipping against other major currencies, the dollar continued a slide that began Tuesday and is tied to a worldwide trend toward higher lending rates.

In New York trading, the dollar fell to 143.65 Japanese yen from 144.50 on Thursday.

Against the Deutsche mark, the dollar ended at 1.8105, down from Thursday's close of 1.8155.

The dollar was also down against the French franc at 6.037, compared with 6.0485 Thursday and at 5.905 Swiss francs, off from 5.915.

In New York, the coincidence of a long Columbus Day weekend and the end of a week-long Jewish holiday compounded the New York market's usual end-of-week lull.

"It's like triple-sleeping on one dealer comment," traders said the dollar was hurt by Treasury Secretary James A. Baker 3d's statement that continued high interest rates may be necessary to fight inflation.

His remarks echoed recent statements by Alan Greenspan, chairman of the Federal Reserve Board. Mr. Baker's comments referred to a Tuesday decision by the West German central bank to raise a key rate for repurchase agreements and Wednesday increase of the prime lending rate from 8.75 percent to 9.25 percent by major U.S. commercial banks.

Since Tuesday the rate increases pushed the dollar lower. William Orsini, a marketing manager with the Bank of Montreal, said the outlook for the dollar for the rest of the year is negative.

"The fundamentals are bad," he said. "On West German stock markets, prices plunged. The Commerzbank index of 60 leading shares, calculated at mid-session, dropped 43.4 points, or 2.19 percent, to 1,936.6.

"We are all shocked," one dealer said. Another said of the planned tax changes, "It's a retreat into the Stone Age."

Bond prices also slumped after the news, shedding between 1/4 and 1 point. In London, prices of market-denominated bonds were off an estimated 1 to 1 1/2 points.

One dealer said that stock sales by foreign investors on Friday were "relatively small."

"But if foreigners start to sell in a big way," he said, "there is no bottom in sight."

On the stock market, the financial sector was hit hardest. Deutsche Bank plunged 28.50 DM to 667 DM. Dresdner dropped 14 to 348 and Commerzbank lost 11.50 to 290.50. In insurance, Allianz slipped 67 DM to 1,990.

After a generally positive week, the mark slumped on Friday. In Frankfurt, the Swiss franc rose to 1.2033 DM, from 1.1978 on Thursday, and the yen rose to 1.2610 DM per 100, from 1.2540 on Thursday.

In London, the mark was lower against the pound, which closed at 2.9960 DM, up from 2.9930 on Thursday.

However, the mark was still stronger against the dollar, which was generally weak ahead of Wednesday's U.S. trade data for August.

London Dollar Rates

Closing	Fri.	Thu.
Deutsche mark	1.8105	1.8155
French franc	6.037	6.0485
Swiss franc	5.905	5.915
Japanese yen	143.65	144.50

Source: Reuters

said. "You'll see pockets of improvement here and there, but the overriding factor is the trade deficit, which probably is not going to improve much."

Mr. Orsini said the market reacted badly to a rumor from Europe that the U.S. merchandise trade deficit for August, to be reported next week, may be as high as \$18 billion.

In earlier European trading, the dollar fell in subdued trading ahead of the release of the trade figures on Wednesday. The dollar ended in London at 1.8155 DM

after 1.8230 Thursday and 1.8420 DM last Friday. Against the yen the dollar fell to 143.90 after 144.95 Thursday.

Sterling buyers were still shy away from the 3 DM level for fear of sparking heavy selling by the Bank of England, but the pound crept up against the dollar to \$1.6540 from 1.6535 at Thursday's close.

In earlier European trading, the dollar closed Friday in Zurich at 1.5095 Swiss francs against 1.52 Thursday.

(UPI, Reuters)

Argentina Devalues

Argentina has devalued its currency, the austral, 11.5 percent against the dollar, dealers said Friday. Reuters reported from Buenos Aires, Argentina's central bank later confirmed that it fixed the value of the austral at 3.1225 australs, after the previous level of 2.7635.

Prices plunged. The Commerzbank index of 60 leading shares, calculated at mid-session, dropped 43.4 points, or 2.19 percent, to 1,936.6.

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Poles to Expand Dollar Trading

WARSAW — Private businessmen in Poland, where trading in dollars is illegal, will soon be able to buy the U.S. currency at state auctions, Deputy Finance Minister Andrzej Dorosz was quoted on Friday as saying.

Mr. Dorosz told the government daily Rzeczpospolita that the aim was to make Poland's currency, the zloty, convertible.

Mr. Dorosz said businessmen would be able to buy dollars at a free-market rate. Some state enterprises have been allowed to buy dollars from export companies at a set rate. The average cost was reported to be more than twice the official dollar rate of 297 zlotys. The black market rate is about 980 zlotys.

At the time, the central bank president, Karol Ogiński, said that the Bundesbank "wants to gradually subdue the pace of monetary expansion to the extent that nobody need expect a deterioration of the price climate in Germany, including in the long term."

Mr. Ogiński said that if inflation fears were not nipped in the bud, capital market yields, which have soared recently, could go higher, which he deemed "undesirable."

Economists agreed that inflation must be kept at bay and calm

should be restored to the markets as quickly as possible.

But they did not share the Bundesbank's apparent view that rampant money supply growth was fueling expectations of higher inflation and pushing up market interest rates.

"The old money supply/inflation link has certainly broken down," said Anthony Thomas, chief international economist at Kleinwort Grenson Securities.

Economists linked much of the expansion in money to a sharp increase in cash in circulation, which had little correlation with future inflation or economic trends.

For example, they said September's cash in circulation was bloated by the Bundesbank's sales of Deutsche marks to counteract downward pressure on the dollar.

Ute Geisel, chief economist of Citibank AG in Frankfurt, said inflation will average only 0.5 to 0.8 percent this year and 1.5 to 2.0 percent next year.

Norbert Wöhrle, head of macroeconomic research at Bank in Liechtenstein, said inflation could rise to 2.5 percent in 1988 but added, "This is just part of a normalization process after the deep fall in prices recently."

Many economists believe that the Bundesbank might have overestimated fears in money and capital markets about fast money supply.

Analysis noted that the yield on the 6.375 percent 10-year federal government bond has risen, not eased, since the Bundesbank admitted Tuesday that it was tightening marginally to quell market fears about inflation. The yield was 6.85 percent on Thursday, compared with 6.79 percent on Monday.

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German Money Growth Quickens, Raising Fears

But Private Economists Remain Calm

FRANKFURT — West German money supply growth is accelerating, but private economists do not share Bundesbank and capital markets fears that inflation may get out of control if the brakes are not applied now.

"It would have been nice if the recent slowdown in money supply growth had persisted, said Dieter Simmert, monetary economist at Commerzbank AG in Frankfurt, adding, "but I don't see any dark inflation clouds looming."

The Bundesbank's money stock grew at an annual rate of 7.8 percent in September, compared with 7.4 percent in July and August.

In absolute terms, this key gauge rose 1.9 billion Deutsche marks (\$1.04 billion) to 233.3 billion DM in September, topping the target ceiling of 232.4 billion DM for the fourth quarter of 1987.

Economists said these figures came as little surprise after the Bundesbank's disclosure on Tuesday that it was engineering a limited rise in short-term money market interest rates to forestall money supply and inflation fears.

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PROFITS: Up, but Not Enough

(Continued from first finance page)

dreds of billions of dollars in new debt. Now rising interest rates are making installment payments much more costly.

Even last year, when rates were lower, American companies other than financial institutions paid out, for the first time, more in net interest costs than they earned. By comparison, interest costs in 1980 were only 48 percent of net income.

"If interest rates go up and stay up, that could murder profits," said John Corman of the Commerce Department Bureau of Economic Analysis.

Another comparison is revealing. After-tax profits of \$134 billion in 1987 may look good against the 1986 figure, but they are about \$10 billion less than net income in 1984, at the height of the current economic recovery. And they are considerably less than the \$169.2 billion in 1979, when U.S. businesses had a stronger hold on world markets.

The lower profit level today is a measure of the lost market share, which will be difficult to recover no matter how bullish investors might be.

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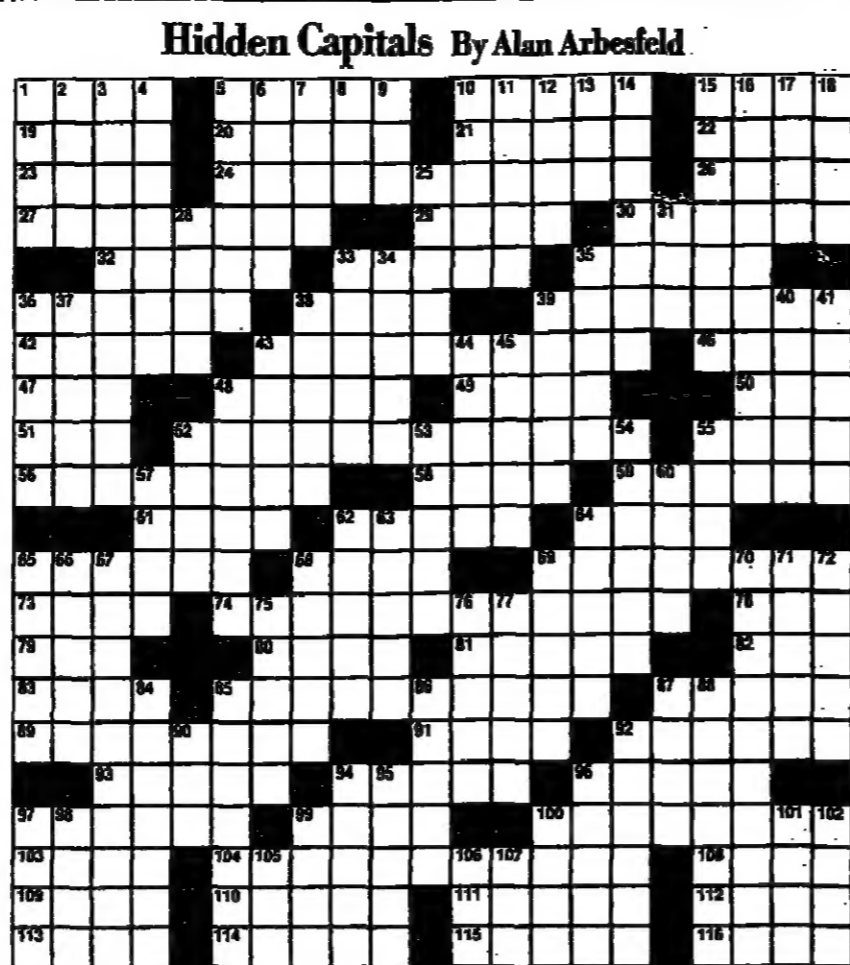
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MIAMI

By Joan Didion. 238 pages. \$17.95. Simon & Schuster, 1230 Avenue of the Americas, New York, N. Y. 10020.

Reviewed by
Christopher Lehmann-Haupt

JOAN DIDION'S "Miami" is the third book to appear this year with Florida's southernmost big city as its focal point, the earlier two having been T.D. Allman's "Miami: City of the Future" and David Rieff's "Going to Miami: Exiles, Tourists, and Refugees in the New America."

But Didion's project presents no threat of redundancy. Where Allman's book was an objective history and Rieff's a shorter personal odyssey, Didion's "Miami" is brief and impressionistic, a pointillist nightmare from which the author never even tries to awaken.

It's true we can glimpse an objective world in Didion's pages — a Miami of boom and bust, of cultural conflict between whites, blacks and Latinos, of "construction cranes" that "still hovered on the famous new skyline, which, floating as it did between a mangrove swamp and a barrier reef, had a kind of perilous attraction, like a mirage."

BOOKS

But the style and of "Miami" is filtered through the author's style, and it is that style that we soon become most immediately aware of. Detached and elliptical, almost ritualistic in its repetition of syntactical constructions, it is a style that often seems to be bending off either laughter or tears. "There were in Miami exiles who defined themselves as communists, anti-Castro," Didion intones. "There were in Miami a significant number of exile socialists, also anti-Castro, but agreed on only this single issue. There were in Miami two prominent groups of exile anarchists, many still in their twenties, all anti-Castro, and divided from one another. I was told, by 'personality differences,' 'personality differences' being the explanation Cubans tend to offer for anything from a dinner-table argument to a coup."

As is almost always the case in her work — which includes four novels, "Run River," "Play It as It Lays," "A Book of Common Prayer" and "Democracy," and three previous works of reportage, "Slouching Towards Bethlehem," "The White Album" and "Salvador" — Didion can be accused of gratuitously seeking out violence.

But she persuades us soon enough that violence can be found anywhere, anytime in the Miami case has gotten to know. And beneath the violence there is anger and misunderstanding, which she probes and plumbs in her incantatory passages, until her Miami seems not just a pot in which certain jagged ethnic and political fragments have refused to melt, "but a tropical capital: long on rumor, short on memory, overbuilt on the chimera of runaway money and referring not to New York or Boston or Los Angeles or Atlanta but to Caracas and Mexico, to Havana and to Bogota and to Paris and Madrid. Of course, since 1959 connected only to Washington, which is their connection to the world, and *inconspicuously* the way."

The final section of "Miami" is scary. It begins with the morning after the failure of the Bay of Pigs invasion and the decision by the Kennedy administration to take the Cuban exiles in Miami both literally and figuratively for a ride. It proceeds to a portrait of Ronald Reagan at the height of his presidency, talking on the phone to the crew of the Challenger space shuttle, but remaining "disengaged from the decision-making process."

Next, the narrative takes up anti-Castro literature and the efforts of various rightist groups to raise money and put soldiers in the field. Something is moving beneath the surface of these various activities, the text seems to be suggesting — something that connects the Bay of Pigs, the movements of Lee Harvey Oswald, the burglary in the Watergate and the fight against the Sandinistas, among other points of interest in a vast, subterranean conspiracy.

What Didion is suggesting here is that the slate is beyond cleaning, that forces have been loosed beyond the understanding or control of even the most calculating politics. Whether this is valid or not is almost beside the point. Her prose is so finely tuned to paranoia that it persuades without validating. One comes away from "Miami" as if from a horror film. We have come the long way from what Jackie Gleason once called "the sun and fun capital of the world." But it's more with the mood of her prose than its facts that Didion has turned so much sunnynight into an underwater darkness full of sharks and evil shadows.

Christopher Lehmann-Haupt is on the staff of The New York Times.

DENNIS THE MENACE



WEATHER

[illegible]

SATURDAY'S FORECAST — CHANNEL: Rough, FRANKFURT: Rain, Temp. 14 — 10 (57 — 50), LONDON: Rain, Temp. 14 — 8 (57 — 46), MADRID: Showers, Temp. 20 — 9 (68 — 48), NEW YORK: Cloudy, Temp. 18 — 7 (64 — 45), PARIS: Rain, Temp. 16 — 10 (61 — 50), ROME: Cloudy, Temp. 24 — 17 (75 — 63), TAIPEI: Rain, Temp. 24 — 18 (75 — 64), VIENNA: Rain, Temp. 14 — 10 (57 — 50), ZURICH: Cloudy, Temp. 14 — 8 (51 — 46), BANGKOK: Not Available, HONG KONG: Not Available, MANILA: Not Available, SEOUL: Not Available, SINGAPORE: Not Available, TOKYO: Not Available.

World Stock Markets

Via Agence France Presse Closing prices in local currencies, Oct. 9

[illegible][illegible][illegible][illegible]

	High	Low	Close	Chg.
211	211 1/2	211 1/4	211 1/4	1/4
211 1/2	211 1/2	211 1/4	211 1/4	1/4
211 3/4	211 3/4	211 1/4	211 1/4	1/4
212	212	211 3/4	211 3/4	1/4
212 1/2	212 1/2	212	212	1/2
213	213	212 1/2	212 1/2	1/2
213 1/2	213 1/2	213	213	1/2
214	214	213 1/2	213 1/2	1/2
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215	215	214 1/2	214 1/2	1/2
215 1/2	215 1/2	215	215	1/2
216	216	215 1/2	215 1/2	1/2
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223	223	222 1/2	222 1/2	1/2
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224	224	223 1/2	223 1/2	1/2
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225	225	224 1/2	224 1/2	1/2
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226	226	225 1/2	225 1/2	1/2
226 1/2	226 1/2	226	226	1/2
227	227	226 1/2	226 1/2	1/2
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228	228	227 1/2	227 1/2	1/2
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247 1/2	247 1/2	247	247	1/2
248	248	247 1/2	247 1/2	1/2

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